

Fox Canyon Groundwater Management Agency

POST MEETING AGENDA PACKAGE

**Board Regular Meeting
of
October 22, 2025**



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
Michael Craviotto, Farmer, Agricultural Representative
Lynn Maulhardt, Director, United Water Conservation District
Tony Trembley, Councilmember, City of Camarillo

EXECUTIVE OFFICER

John Demers

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, October 22, 2025**, in the **Board of Supervisors' Hearing Room and via Zoom**, at the Ventura County Government Center, Hall of Administration, at **800 South Victoria Avenue, Ventura, California**.

To attend the public portion of the meeting via Zoom, click here:

<https://us02web.zoom.us/j/89139780163?pwd=jQR3idpgKDszd4g3GFm5tmfaWYy1xV.1>

Passcode:550681

FCGMA BOARD REGULAR MEETING AGENDA

**October 22, 2025
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. 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 Agency staff at (805) 654-2014 at least 24 hours prior to the meeting so proper arrangements may be assured. 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. Agenda items are grouped under Las Posas Valley Watermaster (LPV Watermaster) or under Fox Canyon Groundwater Management Agency (FCGMA), if the item directly applies only to that entity. The Board reserves the right to limit each speaker to five (5) minutes per subject or topic if necessary. The public 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 hybrid attendance and public participation.

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** – Members of the Public may speak about Agency-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 administrative 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 under the Consent Agenda. These items require no action or are not ready for Board consideration.

8. **Receive and file correspondence** from Alexander Nguyen, City Manager, City of Oxnard, regarding the September 15 City of Camarillo Groundwater Adjudication Letter, dated October 13, 2025.

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 August 27, 2025, Board Regular meeting.

CONSENT AGENDA – FCGMA Items

10. **FCGMA Financial Status Report for September 2025 – (New Item) RECOMMENDATION:** Receive and file the monthly financial report.
11. **FCGMA 2023-2024 Biennial Financial Audit Report – (New Item) RECOMMENDATION:** Receive and file the Fox Canyon Groundwater

Management Agency Audited Financial Statements for the Fiscal Years Ended
June 30, 2023, and 2024.

CONSENT AGENDA – LPV Watermaster Items

12. **LPV Watermaster Financial Status Report for September 2025 – (New Item)**
RECOMMENDATION: Receive and file the monthly financial report.

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.

13. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Gov. Code, §54956.9) PURSUANT TO GOVERNMENT CODE SECTION 54956.9, SUBDIVISION (d), PARAGRAPH (1): NAME OF CASE:** City of Oxnard v. Fox Canyon Groundwater Management Agency, Los Angeles County Superior Court Case No. 20STCP00929

REGULAR AGENDA

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

REGULAR AGENDA – FCGMA Items

- ITEM 14 - REMOVED BY BOARD ACTION DURING MEETING**
14. **Conduct a Public Hearing and Adopt an Ordinance to Further Amend the Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins; Find that Adoption of the Ordinance is Exempt from the California Environmental Quality Act – (New Item)**
RECOMMENDATIONS: (1) Receive a Presentation on Further Amending “An Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins” (OPV Ordinance) to Comply with the Decision in *City of Oxnard v. Fox Canyon Groundwater Management Agency*, LASC Case No. 20STCP00929; (2) Conduct a Public Hearing on Adoption of an Ordinance to Further Amend the OPV Ordinance; (3) Adopt an Ordinance to Further Amend the OPV Ordinance; and (4) Find that Adoption of the Ordinance to Further Amend the OPV Ordinance is Exempt from the California Environmental Quality Act.
15. **Presentation on Framework for Review and Processing of Variance Requests Under the OPV Allocation Ordinance – (New Item)** **RECOMMENDATIONS:** (1) Receive and file a Presentation on a Framework to Review and Process Variance Requests under the OPV Allocation Ordinance; (2) Direct Staff to Prepare Materials

to Rescind Resolution No. 2020-03 and to Prepare a Resolution to Replace Resolution No. 2020-03; and **(3)** Provide Direction to Staff.

- 16. Presentation on Draft Ordinance and Policy Authorizing Compensation and Reimbursement for the Fox Canyon Groundwater Management Agency Board of Directors – (Returning Item) RECOMMENDATIONS: (1)** Receive and File this Board Letter and Presentation on Adoption of an Ordinance and Policy Authorizing the Payment of Compensation and Reimbursement to Members of the Fox Canyon Groundwater Management Agency Board of Directors; and **(2)** Provide Direction to Agency Counsel.

REGULAR AGENDA – LPV Watermaster Items

- 17. Approval of Watermaster Response Report to LPV Policy Advisory Committee Recommendation Report Regarding LPV Basin Optimization Project; Purchase of Imported Water from Calleguas Municipal Water District for Basin Replenishment (Calleguas In-Lieu Program) Implementation – (New Item) RECOMMENDATIONS: (1)** Receive an Agency Presentation on the Purchase of Imported Water from CMWD (Calleguas In-Lieu Program), **(2)** Approve the Response Report to the Policy Advisory Committee Recommendation Report, and **(3)** Provide Direction to Staff.
- 18. Approval of Watermaster Response Report to LPV Technical Advisory Committee Recommendation Report Regarding Basin Optimization Yield Study Numerical Modeling Results – (New Item) RECOMMENDATIONS: (1)** Receive an Agency Presentation on the Basin Optimization Yield Study Numerical Modeling Results, **(2)** Approve the Response Report to the Technical Advisory Committee Recommendation Report, and **(3)** Provide Direction to Staff.

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.

- 19. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Gov. Code, §54956.9) PURSUANT TO GOVERNMENT CODE SECTION 54956.9, SUBDIVISION (d), PARAGRAPH (1): NAME OF CASE:** City of Oxnard v. Fox Canyon Groundwater Management Agency, Los Angeles County Superior Court Case No. 20STCP00929
- 20. 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

21. **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, Santa Barbara County Superior Court Case No. VENCI00555357

22. **Adjourn Board Meeting.**

STANDING NOTICES

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 Comment: 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/89139780163?pwd=jQR3idpgKDszd4g3GFm5tmfaWYy1xV.1>

Passcode: 550681

Webinar ID: 891 3978 0163

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. If you experience technical difficulties during attendance that impact your ability to hear or see meeting proceedings, please contact the host via chat, or raise your hand for Q&A inside the Zoom Client. If you are unable to contact the host via the Zoom Client's chat or Q&A features, please call (805) 654-2014 and report the issue, then consider submitting written comment according to option 4, below.

2. During meetings held in the Board of Supervisors Boardroom, we have access to livestreaming capabilities. Observe the Board of Directors meeting streaming live by navigating to the "Current and Upcoming Meetings" section of our website and clicking on the video icon button next to the meeting listing at: <https://fcgma.org/board-agendas-broadcasts-minutes/>. *This option is currently only available for meetings held in the BOS Boardroom.*

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

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 719 359 4580 US

+1 253 205 0468 US

+1 507 473 4847 US

+1 564 217 2000 US

+1 646 876 9923 US (New York)

+1 646 931 3860 US

+1 689 278 1000 US

+1 301 715 8592 US (Washington DC)

+1 305 224 1968 US

+1 309 205 3325 US

+1 312 626 6799 US (Chicago)

+1 360 209 5623 US

+1 386 347 5053 US

Webinar ID: 891 3978 0163

Passcode: 550681

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. 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.

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 Monday prior to the Board regular meeting. Please submit your comment to the Clerk of the Board at FCGMA@venturacounty.gov. Please indicate in the subject line of your email the Agenda item number (e.g., Item 9). Your comment will be read by the Board of Directors and placed into the record.
5. If you are listening or watching the live stream of the Board meeting and would like to make either a general public comment (see 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 to the Clerk of the Board at FCGMA@venturacounty.gov. Please indicate in the email subject line the Agenda item number (e.g., Item 9).

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 memos, presentations, maps, etc. If possible, in advance of the meeting, email PDFs to FCGMA@venturacounty.gov and indicate the related Agenda item number in your email's subject line.

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 email to FCGMA@venturacounty.gov, 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 72 hours before the regular 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 Agenda items should be directed to the Agency's Executive Officer by emailing FCGMA@venturacounty.gov.

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 Agency Clerk to find out about rescheduled items.

The Ralph M. Brown Act: It is the intent of the law that the actions of this Board be taken openly and that their deliberations be conducted openly. Read about the Ralph M. Brown Act via this link: https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?chapter=9.&division=2.&lawCode=G OV&part=1.&title=5.

Agency Information and Updates: Our website address is <https://fcgma.org/>. Information available includes meeting materials and schedules, Agency Ordinances, Resolutions, reports, forms, and more. FCGMA Board Regular meetings occur on the fourth Wednesday of the month, unless otherwise noted. If you would like to be added to our agenda notification email list, or to speak to a staff member, please contact the FCGMA Clerk of the Board via telephone at (805) 654-2014 or via email at FCGMA@venturacounty.gov.

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
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Lynn Maulhardt, Director, United Water Conservation District
Tony Trembley, Councilmember, City of Camarillo

EXECUTIVE OFFICER

John Demers

October 22, 2025

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.

FCGMA SEMI ANNUAL EXTRACTION STATEMENT REPORTING

The second half of the 2024-2025 Water Year (reporting period 2025-2) officially concluded on Tuesday, September 30, 2025. The first half of the Water Year 2025-2026 (reporting period 2026-1) officially commenced on Wednesday, October 1, 2025.

As noted in the August 2025 Executive Officer's administrative report, staff were preparing to send courtesy reminder mailers for the upcoming reporting period. On August 18, 2025, staff mailed over 350 reminders advising operators to collect meter readings and photos on September 30, 2025. This effort provided more than a one-month advance notice. The mailers included QR codes linking to relevant [website updates](#) including Flowmeter information and [Online User Guide videos in English, and a newly released version in Spanish](#).

Semi-Annual Extraction Statements (SAES) for reporting period 2025-2 were mailed and made available for viewing online September 24, allowing operators to have them in hand prior to collecting readings. Online reporting access was granted October 1. SAES reports are due November 15, 2025.

To facilitate timely and complete reporting, staff included an insert outlining required reporting materials in English and Spanish with mailed 2025-2 SAES (*Fig. 1*). Oxnard and Pleasant Valley Basin (OPV) Allocation Ordinance Article 7 Additional Reporting Requirements forms were also included in the mailing. OPV Additional Reporting Requirements forms can also be completed via online reporting.

REQUIRED MATERIALS FOR 2025-2 SAES SUBMISSION:

- ☐ Completed and Accurate **2025-2 SAES FORM**, **signed and dated**
- ☐ **Additional Reporting Requirement (ARR)**, Article 7 **OPV ONLY**
- ☐ Legible meter photos dated September 30, 2025, **for each meter**
 - Photos: Labeled with State Well Number (SWN) and meter serial number
- ☐ Full **payment** of applicable **Fees and Penalties**
 - Include CombCode and Reporting Period in the memo field of payment
 - Payment Options
 - **Check or Money Order** made payable to: **Fox Canyon Groundwater Management Agency**
 - **Cash:** Exact cash payment in person at FCGMA public service counter, Ventura County Hall of Administration Building, 3rd Floor

Scan QR codes for more information

Extraction Reporting

User Guide

For additional information visit www.fcgma.org or email FCGMA.Report@venturacounty.gov

Figure 1 – Mail insert included with 2025-2 Semi-Annual Extraction Statements

All stakeholders are encouraged to stay informed of the latest FCGMA reporting updates by visiting <https://fcgma.org/groundwater-extraction-reporting/>.

LPV WATERMASTER BASIN ASSESSMENT UPDATE

The Watermaster Board adopted a Basin Assessment for the Las Posas Valley Basin for Water Year (WY) 2025, set at **\$60.00 per acre-foot of allocation per year (AFY)**. This assessment is intended to fund administrative and technical work related to implementation of the Judgment and excludes any work related to replenishment or Basin Optimization Projects. Replenishment activities are budgeted for under the Basin Optimization Plan (BOP) which includes a Five-Year Basin Optimization Projects Budget that estimates WY 2025 BOP costs at \$290,000.00, or \$7.25/AFY. Following committee consultation, the Watermaster Board adopted Resolution 2025-07, authorizing invoicing and collection of an additional **\$7.25/AFY** Basin Assessment to support implementation of Basin Optimization Projects (Fig. 2). This brings the total Basin Assessment for WY 2025-2026 (FY 2025-26) to **\$67.25/AFY**.

WY 2025 BASIN ASSESSMENT (1st INSTALLMENT)				
1	Allocation Basis WY 2025:	211.13	AF	
2	Basin Assessment:	211.13	AF x \$15.00	+ \$ 3,166.95
3	BOP Assessment:	211.13	AF x \$1.82	+ \$ 384.26
Section 3 applies if one month or more past Due Date (Judgment, Exh. A, § 2.8.2)				
4	Basin Interest Charge:			+ \$ _____
	[Delinquent Basin Assessment x 10% tax delinquency rate]			
5	BOP Interest Charge:			+ \$ _____
	[Delinquent BOP Assessment x 10% tax delinquency rate]			

Figure 2 – LPV Watermaster WY 2025 Basin Assessment Invoice section showing BOP Assessment and Interest

Both Basin and BOP assessments are invoiced concurrently in **four equal installments** and accounted for separately. Interest will be assessed on any unpaid balances one month past the due date. As of October 15, 2025, Watermaster has received 27 payments totaling \$100,801.42, for the first installment included in the 2025-1 Basin Assessment Invoice, which is **due by October 31, 2025**.

LPV WATERMASTER GROUNDWATER EXTRACTION & USE REPORTING UPDATE

Watermaster contracted RGS to administer Semi-Annual Groundwater Extraction and Use reporting in accordance with the Judgment (Exh. A, § 5.2). The second half of the LPV Adjudication 2024 Water Year (reporting period 2024-2) officially concluded on Tuesday, September 30, 2025. On October 1, 2025, Regional Government Services (RGS) released an electronic Extraction and Use Reporting tool to 141 Water Management Identification Numbers (WMIDs) (Judgment, §1.116).

A courtesy email notification was sent prior to the electronic tool's release on September 24, 2025, to be followed by mid-month (October 17) and final (October 24) courtesy email reminders alerting reporting parties to the submission deadline October 31, 2025.

RGS reported the following status of the 142 electronic reports, as of October 13, 2025:

Reporting Status	Count	Approx. Percent
Submitted	27	19.0140%
Partially Complete	22	15.4929%
Not Started	93	65.4929%
Total:	142	100%

Accurate completion and timely submission of the Groundwater Extraction and Use reports are crucial for Annual Allocations Accounting (Judgment §§ 4.12.8, and 5.2.4.3).

All Parties are encouraged to visit <https://fcgma.org/lpv-reporting/> for the latest updates pertaining to LPV Extraction and Use reporting.

LPV ALLOCATION TRANSFER AND CURE

At the September 2025 Watermaster Board meeting, staff outlined the options for cure of groundwater overuse accrued for the previous Water Year. At the same meeting, staff informed the Board that Transfer Forms for requests to cure overuse would be available on the Watermaster website and stakeholders notified by October 1, 2025. On October 2, 2025, staff published the Transfer Forms and additional materials and notified stakeholders of these materials as well as the due date. Staff will review all transfer requests submitted by the deadline, October 31, 2025.

To learn more about Transfers and Cure, visit: <https://fcgma.org/lpv-transfers-and-cure/>.

LPV WATERMASTER BASIN ASSESSMENT DELINQUENCY UPDATE

For WYs 2023 and 2024, Watermaster adopted Basin Assessments for the Las Posas Valley Basin set at **\$64.00** and **\$64.58** per acre-foot per year, respectively. However, the Watermaster Board did not invoice nor collect the full Basin Assessment authorized for either WY 2023 or WY 2024 based on the Fiscal and Policy Advisory Committee's recommendation that the Watermaster fund contained sufficient operating funds to close out each WY without incurring a negative balance.

Payments not received within one month of the due date are considered **delinquent** and shall accrue interest at the current **Ventura County real property tax delinquency rate**. (Judgment Exhibit A, §2.8.2)

As of **October 15, 2025**, the total delinquent Basin Assessment and interest for WYs 2023 and 2024 is **\$99,064.73**, consisting of **\$88,804.34** in delinquent Basin Assessments and **\$10,260.39** in accrued interest.

The table below reflects a breakdown of delinquent Basin Assessments and interest by invoice period. Delinquency lists for each period are available at <https://fcgma.org/las-posas-valley-watermaster/>. Staff and Counsel are taking next steps consistent with Watermaster enforcement authorities to collect delinquent basin assessments.

Invoice Period	Release Date	Due Date	1st Notice Sent	Final Notice Sent	No. of WMIDs per Period	Amt. per AF per Period	BA Amount Past Due by Period	Interest Amount Past Due by Period	Total Delinquent Past Due by Period
23-1	5/5/24	4/5/24	5/31/24	7/18/24	6	\$32.00	\$9,689.28	\$1,668.73	\$11,358.01
23-2	Canceled	-	-	-	-	\$0.00	\$0.00	\$0.00	\$0.00
24-1	10/2/24	11/1/24	12/11/24	12/21/24	10	\$16.145	\$20,050.51	\$2,594.75	\$22,645.26
24-2	1/6/25	1/30/25	3/10/25	3/20/25	16	\$16.145	\$29,411.91	\$3,031.63	\$32,443.54
24-3	4/1/25	5/1/25	6/10/25	6/20/25	18	\$16.145	\$29,652.64	\$2,965.28	\$32,617.92
24-4	Canceled	-	-	-	-	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL									\$99,064.73

BOARD AND COMMITTEE MEETINGS

The Variance Ad-Hoc Subcommittee meeting was held on September 12, 2025, to discuss variance application policies and requirements, and status of Agency review and processing of variance applications. The next meeting of the Variance Ad-Hoc Subcommittee is scheduled for Thursday, November 13, at 2:30 P.M.

The Fiscal Committee met Monday, October 13, to discuss reserve policy development and the FCGMA Biennial Audit report and findings. Draft reserve policy documents will be available for review and feedback at the Fiscal Committee's mid-Fiscal Year review meeting in February 2026. After implementing the Committee's feedback, the reserve policy and midyear review will be presented to your Board at a subsequent regular meeting.

More information about upcoming Board and Committee meetings is available in Exhibit 6A, an updated schedule of remaining meetings for calendar year 2025.

CONCLUSION:

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

Sincerely,



John Demers
Executive Officer

Attachment:

Exhibit 6A – Scheduled Meetings for Calendar Year 2025



Fox Canyon Groundwater Management Agency (FCGMA) Upcoming Scheduled Meetings for Calendar Year 2025

Board Regular Meetings

Fourth Wednesday, Monthly

Date	Start Time	Room
Wednesday, October 22	12:30 PM	BOS
Wednesday, December 10	12:30 PM	BOS

Board Special Meetings

Typically, Second Friday, Monthly, As Needed

Friday, November 14	12:30 PM	LPAR
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Executive Committee

As Needed

Thursday, November 6	1:30 PM	MPR
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Operations Committee

As Needed

Monday, December 1	1:30 PM	MPR
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Variance Ad Hoc Subcommittee

As Needed

Thursday, November 13	2:30 PM	LPAR
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ABOUT SCHEDULED MEETINGS

- All meetings will be held at the Ventura County Government Center, Administration Building, at 800 South Victoria Avenue, Ventura, California, unless otherwise noted.
- **“As Needed” meetings, such as special meetings and committee meetings, are subject to necessity and may be rescheduled or may not be noticed to occur.**
- When a meeting is officially noticed per the Ralph M. Brown Act, it is confirmed to occur.
- Contact FCGMA@venturacounty.gov to subscribe to our agenda notification list.
- Alterations of the time or room are possible, so please check for facility or start time changes each month.
- Visit our Events page at <https://fcgma.org/events/>.

KEY

KEY	
“As Needed”	Subject to Necessity
ACR	Atlantic Conference Room
BOS	Board of Supervisors Hearing Room
LPAR	Lower Plaza Assembly Room
MPR	Multi-Purpose Room

From: [Wolfe, Michael](#)
To: [FCGMA](#)
Cc: [Demers, John](#); alexander.nguyen@oxnard.org City of Oxnard Letter to
Subject: Senator Limón
Date: Thursday, October 16, 2025 3:52:07 PM
Attachments: [Letter from the City Manager - Camarillo Adjudication Letter.pdf](#)

WARNING: If you believe this message may be malicious use the Phish Alert Button to report it or forward the message to Email.Security@venturacounty.gov.

Hello Mr. Demers and the FCGMA Board of Directors,

On behalf of the City Manager of the City of Oxnard, please see the attached letter and below correspondence.

Re: City of Camarillo's Adjudication Letter

The September 24, 2025 FCGMA Board meeting included correspondence from the Mayor of the City of Camarillo to Senator Limón's office regarding the ongoing groundwater adjudication. In Camarillo's letter, there are several references to the City of Oxnard. The City of Oxnard staff is providing the FCGMA Board a copy of Oxnard's correspondence to Senator Limón, which includes information that the Camarillo letter left out.

Michael

--

Michael L. Wolfe, P.E. - Director of Public Works

Public Works Department

305 West Third Street, East Wing, Third Floor

Oxnard, California 93030

www.oxnard.org

Alexander Nguyen
City Manager



Office of the City Manager

300 West Third Street
Oxnard, CA 93030
(805) 385-7430
Fax (805) 385-7595
www.oxnard.org

October 13, 2025

Senator Monique Limón
1021 O Street, Suite 7610
Sacramento, CA 95814

Via email: samantha.omana@sen.ca.gov; Geordie.Scully@sen.ca.gov

RE: City of Camarillo's Adjudication Letter

Dear Senator Limón:

You received a letter from the City of Camarillo dated September 15, 2025 regarding the groundwater adjudication lawsuit ("lawsuit") pending in Santa Barbara Superior Court. In the Camarillo letter, there are references to the City of Oxnard's actions as "unreasonable", or that Oxnard's action(s) "threatens", "penalize", or creates an "injustice" to Camarillo with regards to their Desalter and the lawsuit. The Camarillo letter also infers that Oxnard is not being transparent and is acting unfairly during the current phase of the lawsuit. The City of Oxnard submits this letter in response, because Camarillo's letter conveniently leaves out important details and mischaracterizes Oxnard's position in the lawsuit.

Contrary to Camarillo's position, the City of Oxnard is not insisting that Camarillo cannot pump enough groundwater to operate its Desalter. Oxnard supports Camarillo's ability to operate its Desalter, and this issue will be addressed in the lawsuits' upcoming phases of the trial, because desalter operations are not considered in the current phase. As Camarillo previously requested, along with Oxnard and many other public entities, the current phase (referred to as Phase 1) was to determine the safe groundwater yields of the hydraulically-connected Oxnard sub-basin and the Pleasant Valley basin. Despite that, Camarillo insisted on arguing issues that are to be considered in Phase 3 during Phase 1, which resulted in wasted taxpayer dollars across multiple public agencies, including Oxnard's water rate payers and its disadvantaged communities. More than four days were spent needlessly in court during this phase of the trial, costing the water rate payers of Oxnard thousands of dollars on legal fees.

Oxnard has been working collaboratively with the parties, including Camarillo, in the lawsuit. However, Camarillo's current position seems designed to win its entire case in the first phase at

contamination. Camarillo and other groundwater users in the Pleasant Valley basin are contributing to seawater intrusion in the Oxnard sub-basin – this has been acknowledged by the State of California and others since at least 1956. Specifically, this has been documented by the Fox Canyon Groundwater Management Agency, which is the “agency responsible for managing the basin sustainably” as written in Camarillo’s letter. The 2019 Groundwater Sustainability Plan (page ES-1), submitted to the State by the “agency responsible for managing the basin sustainably”, provides the following information [“PVB” refers to the Pleasant Valley Basin, including areas outside Fox Canyon Groundwater Management Agency’s boundaries]:

Historical groundwater production from the PVB and Oxnard Subbasin combined has resulted in seawater intrusion in the aquifers of the Subbasin. In the PVB, the average rate of groundwater production between 2015 and 2017 was approximately 13,200 acre-feet per year (AFY).

The 2024 GSP evaluation from the “agency responsible for managing the basin sustainably” (page ES-2) provides the same position, but is specific to pumping in the Pleasant Valley basin:

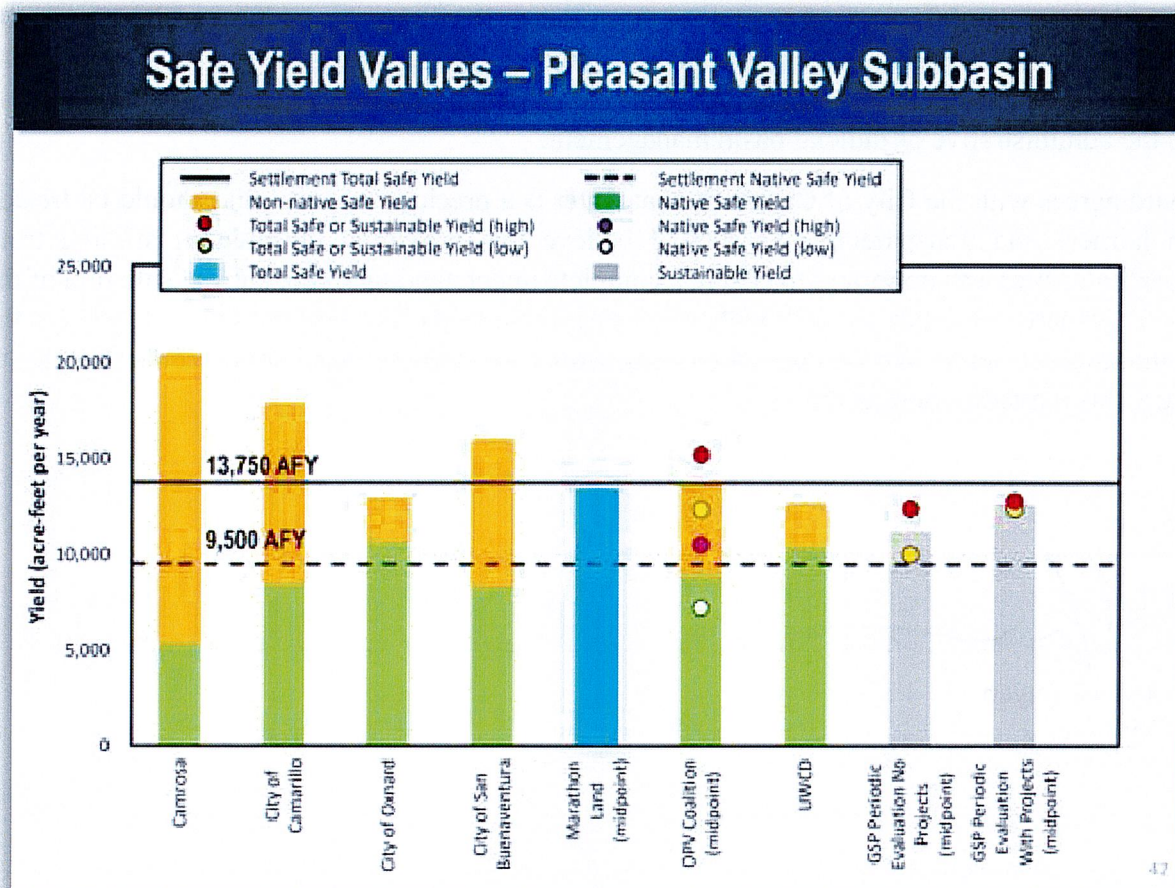
Current Groundwater Conditions

Three principal aquifers are defined in the PVB: the older alluvium, which is time equivalent to the Upper Aquifer System (UAS) in the Oxnard Subbasin, the Fox Canyon aquifer (FCA), and the Grimes Canyon aquifer (GCA) (FCGMA 2019). The FCA and GCA compose the Lower Aquifer System (LAS) in the PVB. Groundwater production for agricultural, municipal, and industrial use in the PVB, specifically near the boundary with the Oxnard Subbasin, has contributed to seawater intrusion in both the UAS and LAS of the Oxnard Subbasin (FCGMA 2019).

Camarillo’s position during Phase 1 of the trial appears to ignore the above facts regarding sea water intrusion.

Oxnard opposes Camarillo’s efforts to unfairly shift responsibility for addressing seawater intrusion entirely to Oxnard and other nearby groundwater users and the disadvantaged communities contained within. It is insulting that Camarillo suggests pumpers in Pleasant Valley can intercept the entire flow of water into the Oxnard sub-basin for use in its community preventing the use of portions of that flow relied on by Oxnard and the disadvantaged communities it supports.

What the Camarillo letter fails to disclose is their extreme and outlier position in the lawsuit with regard to the amount of groundwater that the Pleasant Valley (PV) basin should be allowed to pump. All the expert witnesses in the lawsuit (except Camarillo’s expert who was impeached on the stand) agree the proposed settlement groundwater numbers for native and safe yield in the PV basin is scientifically and factually supported – including Pleasant Valley-based Camrosa MWD, which was the only other outlier before it agreed to support the settlement. Below is a graph showing the outlier position Camarillo is taking compared to the other experts during Phase 1 of trial:



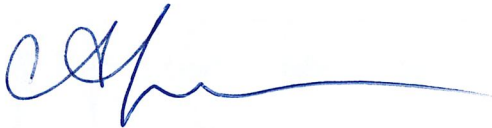
In Camarillo's letter, they state, "Together, they [which infers the City of Oxnard] are seeking to impose limits on the groundwater available *in the Pleasant Valley basin* that threaten Camarillo's ability to use its Desalter - even though the agency responsible for managing the basin sustainably has already approved the project." Camarillo mischaracterizes the positions of the parties and Oxnard. The hydraulically-connected Oxnard sub-basin and Pleasant Valley basin are in critical overdraft per the State of California and subject to the Sustainable Groundwater Management Act, which mandates Fox Canyon Groundwater Agency to produce a Groundwater Sustainability Plan (GSP). In the above chart you can see that the GSP numbers for sustainable yield, in gray, for the Pleasant Valley basin, are significantly less than what Camarillo would like people to believe and less than what the other technical expert witnesses in the lawsuit have provided to the court. Camarillo's position that Oxnard and other agencies are imposing limits on groundwater availability that threaten their Desalter is not accurate, because the state mandated GSP offers lower numbers which are meant to deter the critical overdraft of the basin.

Next, Camarillo alleges they may not be able to operate their Desalter in the future due to the "settlement" cutting their groundwater allocation so low that the Desalter becomes a stranded asset. This position can only be characterized as a scare tactic by Camarillo. More importantly, the "physical solution" on how to appropriately pump groundwater from the basins will be determined in Phase 3 of the lawsuit, and not during Phase 1. The fact that there are defined sustainable and

native yield numbers for each of the basins from Phase 1 will not determine whether Camarillo can operate the Desalter. You can find many examples in other California groundwater basins where water quality facilities, similar to Camarillo's desalter, continue operation in coordination with the administrative or judicial basin management.

Oxnard agrees with the City of Camarillo that water is a precious resource and should be treated with fairness and transparency. As such, I believe that providing information missing from Camarillo's letter was important to ensure a complete understanding of the current situation of the lawsuit. Oxnard continues to work with all parties in the lawsuit to find the best solution for the communities we serve. We welcome a meeting with your staff and our Public Works Director to discuss this matter in more detail.

Sincerely,



Alexander Nguyen
City Manager

Cc:

- Brian Miller, Chief of Staff to Supervisor Kelly Long
- Ventura County Supervisor Vianey Lopez
- John Demers, Executive Officer, Fox Canyon Groundwater Management Agency
- Karla Nemeth, Director, California Department of Water Resources
- Ventura County Reporter
- Ventura County Star
- Camarillo Acorn

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
Michael Craviotto, Farmer, Agricultural Representative
Lynn Maulhardt, Director, United Water Conservation District
Tony Trembley, Councilmember, City of Camarillo

EXECUTIVE OFFICER

John Demers

MINUTES

Minutes of the Wednesday, August 27, 2025, hybrid regular 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. The meeting occurred via Zoom and in-person in the Board of Supervisors' Hearing Room at the Ventura County Government Center, Hall of Administration, at 800 South Victoria Avenue, Ventura, California.

1. Call to Order

12:31 P.M.

Chair Eugene F. West called the meeting to order.

2. Pledge of Allegiance

Director Long led the Pledge of Allegiance.

3. Directors Present

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

Alternate Directors Bert Perello and Reddy Pakala attended as members of the public.
Alternate Director Pakala attended remotely.

Agency Staff Present

John Demers, Executive Officer
Jason Canger, Agency Counsel
Farai Kaseke, Assistant Groundwater Manager
Robert Hampson, Groundwater Specialist
Raya Nour, Engineer
Elka Weber, Clerk of the Board

4. Agenda Review 12:31 P.M.

No changes were made.

5. Public Comments 12:31 P.M.

No public comments were made.

6. Executive Officer's Comments 12:32 P.M.

Agency Executive Officer John Demers introduced himself to the community and referred the Board to the administrative report included in the Agenda package.

7. Board Member Comments 12:33 P.M.

No Board Member comments were made.

CORRESPONDENCE AGENDA

8. **Receive and file correspondence** from Russell McGlothlin of O'Melveny & Myers LLP, et al, Regarding Proposed Mediation under Section 9.2.1.2 of the Las Posas Judgment Regarding Delayed Basin Management Actions, dated July 18, 2025.
9. **Receive and file correspondence** from Barbara Brenner of White Brenner LLP, Requesting Mediation Regarding Del Norte Water Company Basin Assessment Protest and Request for Refund, dated August 1, 2025.

CONSENT AGENDA 12:33 P.M.

10. Approve and Authorize the Executive Officer to Execute a Professional Services Contract Modification with Dudek to Prepare Water Year 2025 Annual Reports for the Oxnard Subbasin, and the Pleasant Valley and Las Posas Valley Basins
11. Adoption of Amended 2025 Fox Canyon Groundwater Management Agency Conflict of Interest Code

CONSENT AGENDA – LPV Watermaster Items

12. Appointment of Patty Martinez to Serve on the Las Posas Valley Basin Policy Advisory Committee as the East Las Posas Management Area Small Agriculture Representative

- 13. Approve and Authorize the Executive Officer to Execute a Professional Services Contract Modification with Dudek for Technical Groundwater Services in Support of Las Posas Valley Watermaster Functions and Work**

Motion: Director Maulhardt moved to adopt the Consent Agenda as presented. Director Long seconded the motion. The motion passed with all in favor at 12:33 P.M.

REGULAR AGENDA – FCGMA

12:34 P.M.

- 14. Adopt Proposed Resolution No. 2025-06 Directing Fox Canyon Groundwater Management Agency Staff to Collect \$24.00 Per Acre-Foot of Groundwater Extracted for the Fiscal Year 2025-26, Water Year 2026 Sustainability Fee**

Executive Officer John Demers presented the Item, reminding the Board that the Fiscal Year (FY) 2025-26, Water Year (WY) 2026 FCGMA Budget¹, adopted July 23, 2025, included an FCGMA Operating Budget made with the assumption that Agency staff would collect \$5.00/AF less than the currently approved Sustainability Fee amount of \$29.00/AF of groundwater extracted from the basins under the Agency's jurisdiction, based on the Agency's financial position and a recommendation from the Fiscal Committee. At the time of budget adoption, staff indicated that this item would be brought back to your Board for consideration in the form of a resolution.

Mr. Demers noted that expenditures for FY 2025-26, WY 2026, are expected to be lower than the previous year. Collection of less than the currently approved amount (rate) of the Sustainability Fee will reduce projected revenues for FY 2025-26, WY 2026, and contribute to the Agency's overall net negative balance, but those impacts can and will be absorbed by the Operating Account carryforward, such that the FY 2025-26 ending year account balance is projected to be a net positive amount of about \$1.7 million. At the same time, collecting only a \$24.00/AF Sustainability Fee, which would be limited to only FY 2025-26, WY 2026, will provide operators with financial relief without negatively affecting operations or cash flow of the Agency.

Regarding compliance with applicable regulations, Mr. Demers noted that the groundwater sustainability program and groundwater management fees enacted in furtherance of the Sustainable Groundwater Management Act (SGMA) must comply with specified requirements of Proposition 218 (Water Code, § 10730.2(c)). Among other things, Proposition 218 requires the Agency to comply with its requirements when it imposes, increases, or extends a groundwater sustainability program fee or groundwater management fee. Therefore, in order to avoid complying with Proposition 218 requirements when, in the future, the Agency wishes to resume collecting the currently approved amount (rate) of \$29.00/AF for the FY 2026-27, WY 2027 Sustainability Fee, staff recommended that the Board "direct staff to collect" a \$24.00/AF Sustainability Fee for the FY 2025-26, WY 2026 (rather than "reducing" the current \$29.00/AF Sustainability Fee approved with the adoption of Resolution 2022-05). This language choice

¹ <https://fcgma.org/agency-budget-documents/>

demonstrates the Board's intent to collect \$24.00/AF only for the FY 2025-26, WY 2026 Sustainability Fee and return to collecting \$29.00/AF, which is the current Sustainability Fee amount (rate) set by Resolution No. 2022-05, for the FY 2026-27, WY 2027 Sustainability Fee and thereafter.

Motion: Director Long moved to adopt Resolution No. 2025-06 directing Fox Canyon Groundwater Management Agency staff to collect \$24.00 per acre-foot of groundwater extracted for the Fiscal Year 2025-26, Water Year 2026 Sustainability Fee. Director Maulhardt seconded the motion. The motion passed with all in favor at 12:36 P.M.

15. Fox Canyon Groundwater Management Agency Board of Director Compensation 12:36 P.M.

Agency Counsel Jason Canger presented the Item, noting that since the Agency was created in 1983, the FCGMA Board of Directors has not been compensated for its members' service, meeting attendance, or related travel. The Board asked Agency Counsel to look into whether the FCGMA Board of Directors could be compensated given the demand currently imposed on Directors for FCGMA service and functions. Mr. Canger noted that the Fox Canyon Groundwater Management Agency Act (FCGMA Act), Water Code section 121-102 et seq., does not authorize or prohibit the Agency from compensating its Directors. Other statutes applicable to special districts generally may authorize compensation of legislative bodies of local public agencies and special district subject to specified limits and requirements (for example, Pub. Res. Code, § 5784.15, Gov. Code, § 61047). With respect to compensation of the FCGMA Board of Directors, the most applicable and relevant statute is Water Code section 20200 et seq. FCGMA qualifies as a "water district" because it is a "groundwater management agency" directed to "act for purposes of groundwater management within the boundaries of the agency" and "the preservation of groundwater resources within the territory of the agency for agricultural and municipal and industrial uses..." (FCGMA Act, § 102; Wat. Code App., § 121-102.) Therefore, Mr. Canger continued, "FCGMA may adopt an ordinance that provides for its Directors' compensation subject to the limits and requirements of Water Code section 20200 et seq. because Directors' compensation is not prohibited in the FCGMA Act and thus would not supplant or result in an implied repeal of any FCGMA Act provision."

If the Board decides to move forward with Director Compensation, an ordinance must be drafted and approved by the Board, following a public hearing noticed in a newspaper of general circulation pursuant to the requirements of Government Code section 6066 (once per week for 2 weeks, see also Water Code, sections 20201 and 20203). Also per water code, Mr. Canger stated that no such ordinance may authorize compensation for more than a total of 10 days in any calendar month; the amount of compensation per day may be increased annually by adopting a subsequent ordinance, but any increase above \$100 per day must not exceed five percent (5%) of the compensation received by members when the ordinance is adopted. Mr. Canger asked the Board to define its parameters of

FCGMA Board Regular Meeting, October 22, 2025
Item 9 – August 27, 2025, Meeting Minutes

“actual and necessary” expenses for inclusion in the draft ordinance, or whether current published United States Internal Revenue Service rates for expenses will apply. Forms for submitting expenses would also need to be drafted. Funds for compensating Directors typically come from operating accounts, as generally considered an operating expense.

Mr. Canger also emphasized that any compensation received from FCGMA may be subject to the rules and regulations of their respective member agencies that control or govern the compensation of those agencies’ legislative bodies. If the Board approves compensating its members, it would be each Director’s responsibility to ensure they comply with the applicable policies and rules of their member agency.

Regarding qualifying meetings and types of service that would be compensated, Director Trembley suggested that FCGMA Board and Committee meetings qualify as types of service for compensation, per his reflection of time spent on Fiscal Committee-related items. Director Trembley suggested that staff produce a draft ordinance that reflects an initial rate of compensation of \$100 per day for FCGMA Board and FCGMA Committee meetings, with applicable actual and necessary expenses itemized on a standardized expense form, as needed. Director Maulhardt suggested that preapproval be run through the Chair, and that Directors should be compensated for networking and outreach, or training conferences. Director Long suggested that boundaries be placed on type of meeting, limiting it to FCGMA Board and Committee meetings. If a Director is going to go to a conference, Director Long noted, it would need to be transparent. Director Long suggested conference compensation be limited to registration fees only.

Chair West asked for public comment at 12:54 P.M. Public Comment was given by:

Rob Grether, farmer, and Vice Chair, Las Posas Valley Policy Advisory Committee,

Daryl Smith, grower, and

Bert Perello, City Councilmember, City of Oxnard, and FCGMA Alternate Director.

Mr. Grether and Mr. Perello voiced support for drafting the ordinance with very clear rules, and suggested the ordinance compensate Directors for attending FCGMA Board and Committee meetings that they are a member of. If later it feels pertinent to add compensation for expenses, consider amending the ordinance at a later date with additional guidelines for approval. Per diem compensation for expenses draw public scrutiny. Mr. Smith asked if compensation would apply to Watermaster meetings as well, and whether being compensated for public meetings would draw liability.

Chair West stated that qualifying events should be broad enough to include litigation proceedings, such as mediations, or testifying in front of the State Legislature. Such examples would be discreetly FCGMA related. Regarding Watermaster compensation, Chair West noted that it is his understanding that the LPV Adjudication Judgment prohibits compensation to Directors; compensation to the Directors would be via FCGMA only.

As this was an informational Item only, no Board action was taken.

REGULAR AGENDA – LPV Watermaster

1:02 P.M.

16. Funding of a Landowner Representative to the Calleguas Municipal Water District Aquifer Storage and Recovery Project Study Group through Basin Assessments

Assistant Groundwater Manager Dr. Farai Kaseke presented the Item, noting that the LPV PAC reviewed whether Watermaster should fund a Landowner Representative to the Calleguas Municipal Water District Aquifer Storage and Recovery Project Study Group through Basin Assessments (BA), and their recommendation report was affirmative. Dr. Kaseke noted that some parties have protested Watermaster's invoicing & payment of BA, objecting to the fact that assessments collected from all parties in the Basin may be used for projects that do not benefit them specifically.

Chair West responded that he did not find the protests against Basin Assessments meaningful in this context, and then asked for public comment on the Item. None was given.

Motion: Chair West moved to direct staff to Watermaster should prepare and execute a contract with the Landowner representative on the Calleguas ASR Study Group. Director Craviotto seconded the motion. The motion passed with all in favor at 1:08 P.M.

CLOSED SESSION AGENDA

1:08 P.M.

Chair West asked for public comment regarding the matters agendized in closed session.

Public comment on Item 18 was given by: Daryl Smith, Grower.

Chair West recessed into closed session at 1:10 P.M. The Chair noted that the Board was likely to adjourn the meeting from closed session.

17. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Gov. Code, §54956.9) PURSUANT TO GOVERNMENT CODE SECTION 54956.9, SUBDIVISION (d), PARAGRAPH (1): NAME OF CASE: City of Oxnard v. Fox Canyon Groundwater Management Agency, Los Angeles County Superior Court Case No. 20STCP00929

18. 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

- 19. 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, Santa Barbara County Superior Court Case No. VENCI00555357

20. Adjournment

Chair West adjourned the meeting from closed session.

Submitted by:



Elka Weber
Clerk of the Board

A	B	C	D	E	F	G	H
1	FUND: 0170 UNIT: 5795	DETAIL BY ACCOUNTING PERIOD					
2	FOX CANYON GROUNDWATER MANAGEMENT AGENCY	OBJ	PROGRAM	TOTAL	AP 01	AP 02	AP 03
3	Financial Status Report as of September 2025				July	August	September
4	BEGINNING CASH BALANCE			10,774,951.83	10,774,951.83	10,425,342.28	10,115,128.69
5	REVENUE:						
6	PUMP CHARGES	9790	P6020901	(128,411.02)	(173,699.81)	11,095.78	34,193.01
7	SURCHARGES	9790	P6020903	52,073.40	6,004.45	(0.01)	46,068.96
8	INTEREST/ PENALTIES	9790	P6020904	29,237.02	4,318.83	16,707.45	8,210.74
9	GEMES RESERVE FEE	9790	P6020907	100,274.61	34,326.70	2,290.85	63,657.06
10	SUSTAINABILITY FEE	9790	P6020908	135,755.17	49,087.88	3,322.15	83,345.14
11	FCGMA TECH SERVICES -GRANT	9708	P6020852	51,501.00	-	-	51,501.00
12	INTEREST EARNINGS	8911	-	(105,316.26)	(145,562.29)	40,246.03	-
13	OTHER REV	9790	-	-	-	-	-
14	TOTAL REVENUE			135,113.92	(225,524.24)	73,662.25	286,975.91
15	EXPENDITURES:						
16	SUPPORT						
17	PUBLIC WORKS CHARGES	2205	-	552,658.61	113,748.03	197,137.77	241,772.81
18	PUBLIC WORKS CHARGES-CSD ALLOCATION	2199	P6020850	60,950.00	-	60,950.00	-
19	FCGMA ONLINE SUPPORT	2202	P6020850/70	10,830.29	-	7,231.02	3,599.27
20	WPD - SCR Coordinator	2199	P6020850	-	-	-	-
21	GSA CHARGES						
22	PURCHASING CHARGES ISF	2165	P6020850	-	-	-	-
23	GRAPHICS CHARGES ISF	2166	P6020850	35.00	-	-	35.00
24	GIS - ISF	2203	P6020850	-	-	-	-
25	SPECIAL SERVCES ISF	2206	P6020850	1,394.12	-	-	1,394.12
26	OTHER MAINTENANCE ISF	2116	P6020850	-	-	-	-
27	VOICE DATA ISF	2032	P6020850	33.66	-	22.44	11.22
28	MAIL CENTER ISF	2164	P6020850	-	-	-	-
29	CONTRACT						
30	CONSULTANT CONTRACT (DUDEK) - Implementation	2183	P6020858	9,290.00	-	9,290.00	-
31	CONSULTANT CONTRACT (DUDEK) - Annual reports	2183	P6020858	-	-	-	-
32	LEGAL						
33	COUNTY COUNSEL	2185	P6020853	20,748.00	-	9,964.50	10,783.50
34	COUNTY COUNSEL (GEMES) - LPV Basin Adjudication	2185	P6020864	-	-	-	-
35	COUNTY COUNSEL (GEMES) - City of Oxnard v FCGMA	2185	P6020866	1,569.75	-	409.50	1,160.25
36	COUNTY COUNSEL (GEMES) - OPV Coalition v FCGMA	2185	P6020867	29,347.50	-	6,006.00	23,341.50
37	COUNTY COUNSEL (GEMES) - OPV Coalition v FCGMA -Travel Expense	2292	P6020867	42.00	-	-	42.00
38	OTHER LEGAL FEES (Jarvis Fay)	2185	P6020850	-	-	-	-
39	OTHER LEGAL FEES (Rutan & Tucker LLP)	2185	P6020853	-	-	-	-
40	OTHER LEGAL FEES (Stoel)(GEMES) - LPV Basin Adjudication	2185	P6020864	-	-	-	-
41	OTHER LEGAL FEES (Stoel)(GEMES) - City of Oxnard v FCGMA	2185	P6020866	245.49	-	81.83	163.66
42	OTHER LEGAL FEES (Stoel)(GEMES) - OPV Coalition v FCGMA	2185	P6020867	-	-	-	-
43	OTHER LEGAL FEES (Shute Mihaly)(GEMES) - OPV Coalition v FCGMA	2185	P6020867	131,664.04	-	53,485.51	78,178.53
44	OTHER LEGAL FEES (Greines Martin Stein & Richland LLP) (GEMES) - City of Oxnard v FCGMA	2185	P6020866	29,775.00	-	29,775.00	-
45	GRANT						
46	KENNEDY JENKS	2199	P6020852	130.00	130.00	-	-
47	OTHER						
48	BOARD MEMBERS INSURANCE	2072	P6020850	5,430.28	4,997.28	433.00	-
49	BIENNIAL AUDIT	2199	P6020850	13,505.00	-	8,990.00	4,515.00
50	LAFCO FUNDING	2159	P6020850	5,192.00	5,192.00	-	-
51	PUBLIC NOTICE	2221	various	-	-	-	-
52	CONFERENCES / SEMINARS	2273	P6020850	-	-	-	-
53	ASSN OF WATER AGENCIES DUES	2159	P6020850	-	-	-	-
54	HYDROLOGY SUPPLIES	2103	P6020852	-	-	-	-
55	SOFTWARE SUBSCRIPTIONS NON ISF (ZOOM)	2236	P6020850	198.54	-	99.27	99.27
56	MISC OFFICE EXPENSE	2159/69/79	P6020850	18.00	18.00	-	-
57	TOTAL EXPENDITURES			873,057.28	124,085.31	383,875.84	365,096.13
58	NET MONTHLY INCOME				(349,609.55)	(310,213.59)	(78,120.22)
59	ENDING CASH BALANCE			10,037,008.47	10,425,342.28	10,115,128.69	10,037,008.47
60	NOTES: Revenue rose by \$213,313.06 (289.6%) in September (AP03) compared to August (AP02), driven by payments for SAES 2025-1, payments for SAES from prior periods, and final payments from SGMA subgrantees UWCD, PVCWD and the City of Camarillo. Expenses decreased by \$18,779.71 (4.9%) from August, as no invoices were received from Dudek for contract services or from Greines Martin Stein & Richland LLP for legal services. The quarterly Central Services Division (CSD) allocation processed in August also contributed to higher expenses in the previous month. In September, Rogers Anderson Malody & Scott finalized billing for the Biennial FCGMA audit, work for which completed in August. Total audit cost was \$35,375, per signed agreement.						

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

A STATE OF CALIFORNIA WATER AGENCY



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Lynn Maulhardt, *Director, United Water Conservation District*
Tony Trembley, *Councilmember, City of Camarillo*

EXECUTIVE OFFICER

John Demers

October 22, 2025

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

SUBJECT: FCGMA 2023-2024 Biennial Financial Audit Report – (New Item)

RECOMMENDATION: Receive and file the Fox Canyon Groundwater Management Agency Audited Financial Statements for the Fiscal Years Ended June 30, 2023, and 2024.

BACKGROUND:

California Government Code Section 26909 requires the County Auditor-Controller to perform an annual audit of the financial accounts and records of every special district within the County for which an audit by a certified public accountant or public accountant is not otherwise provided. The County Auditor-Controller has discretion as to whether or not to perform that annual audit using in-house audit staff or by contracting with a certified public accountant or public accountant. In addition, the Agency's audit reports shall be filed with both the County Auditor-Controller of the county in which the special district is located, along with the State Controller, within 12 months of the end of the fiscal year(s) under examination. Sub-Section 26909 (b) provides for an exception to the annual audit schedule period. That sub-section allows a governing body of a special district, by unanimous vote, to request their Board of Supervisors to replace the annual audit schedule found in Section 26909 with a different period. Specifically, Subsection 26909 (b) (1) allows the governing body of a special district to request a biennial (i.e. covering two years) audit period. Your Board established a biennial audit schedule at the September 25, 2013, meeting.

DISCUSSION:

Ventura County Public Works Agency – Central Services (PWA-CS), on behalf of FCGMA, issued a request for proposal (RFP) to 29 certified public accounting (CPA) firms to conduct a biennial audit for Fiscal Years 2022-23 and 2023-24. As reported to your Board at the October 23, 2024, meeting, 16 firms declined to propose, 10 provided no response, and three submitted proposals. Of those three, Rogers, Anderson, Malody & Scott, LLP (RAMS) of San Bernardino, California was the lowest qualified bidder with a proposal to

800 South Victoria Avenue, Ventura, CA 93009-1610
(805) 654-2014 <https://fcgma.org/>

Item 11 - Page 1 of 2

provide professional audit services for a not-to-exceed amount of \$42,718. Although the proposal from RAMS was the lowest bid, it is noted that this amount is substantially more than previous audit services contracts.

RAMS issued an engagement letter dated March 5, 2025, and began their audit process, which was completed consistent with the planned scope and timing of their contract.

RAMS issued their Independent Auditor's Report and Audited Financial Statements on August 13, 2025, which is included as Exhibit 11A. The Audit Report noted two minor concerns related to 1) reconciliations between accounts receivable in the general ledger and the corresponding subsidiary ledger and 2) the absence of a detailed schedule and aging report for receivables. Neither constituted a significant deficiency nor material weakness.

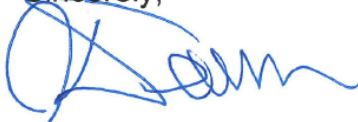
The Agency is actively working to address these minor concerns, specifically: 1) implementation of at least an annual review and reconciliation of the subsidiary ledger to the general ledger and 2) accounting system modifications to include aging reports. A real-time aging report is currently in development and testing designed to reflect expected receivables revenue based on actual reported extractions and Civil Penalties (CPs) assessed at \$50 per day late in accordance with Resolution 2019-1. CPs are only recorded as receivables upon receipt of reported extractions. CPs for unreported extractions are not assessed until reporting is received and then recorded as receivables.

CONCLUSION:

The Agency's Audited Financial Reports for Fiscal Years 2023 and 2024 issued by RAMS, the Agency's independent contract auditor, are submitted to your Board to receive and file. The auditor found that the financial statements for the audited Fiscal Years were in conformity with generally accepted accounting principles, and no significant deficiencies or material weaknesses were identified.

This letter has been reviewed by Agency Counsel. If you have any questions, please contact me at (805) 605-4083.

Sincerely,



John Demers
Executive Officer

Attachments:

Exhibit 11A – FCGMA Biennial Audited Financial Reports for FYs 2023 and 2024



To the Board of Directors
Fox Canyon Groundwater Management Agency
Ventura, California

We have audited the financial statements of the Fox Canyon Groundwater Management Agency (the Agency), for the years ended June 30, 2024 and 2023, and have issued our report thereon dated August 13, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 5, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding other matters noted during our audit in a separate letter to you dated August 13, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We have evaluated whether certain nonattest services performed by our firm during the audit have created a significant threat to our independence in relation to the Agency. We have identified a threat to our independence (preparation of the Agency's financial statements, creating a self-review threat) that if not reduced to an acceptable level, would impair our independence. In order to reduce the threat to an acceptable level, we have applied the following safeguard:

Prior to the issuance of the Agency's financial statements, another partner or manager, independent of the engagement, will review the financial statements.

Significant Risks Identified

We have identified the following significant risk:

Management's override of internal controls over financial reporting: Management override of internal controls is the intervention by management in handling financial information and making decisions contrary to internal control policy.

Revenue recognition: Revenue recognition is a generally accepted accounting principle that refers to the conditions under which an Agency can recognize a transaction as revenue. Auditing standards indicate that recognizing revenue is a presumed fraud risk and usually classified as a significant risk in most audits.

These significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

Qualitative Aspects of the Agency's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Agency is included in Note 2 to the financial statements. The Agency adopted several new accounting standards during the periods under audit which had little to no impact on the financial statements and had no changes in significant accounting policies or their application during the fiscal years 2024 and 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The Agency had no significant accounting estimates affecting its financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are:

Management's disclosure of the fair value of investments in the notes of the financial statements, which is based on information provided by financial institutions.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. No such misstatements were identified.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There was one material misstatement for \$70,954 to accrue additional accounts payable, that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Agency's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached management representation letter dated August 13, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the Agency, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Agency's auditors.

Other Information Included in the Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Agency's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

Read the transmittal letter and considered whether a material inconsistency existed between the other the information and the basic financial statements, or the other information otherwise appears to be materially misstated. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Directors and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
August 13, 2025

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*
Michael Craviotto, *Farmer, Agricultural Representative*
Lynn Maulhardt, *Director, United Water Conservation District*
Tony Trembley, *Councilmember, City of Camarillo*

EXECUTIVE OFFICER
John Demers

August 18, 2025

Rogers Anderson Malody & Scott, LLP
735 E Carnegie Drive, Suite 100
San Bernadino, CA 92408

SUBJECT: Representation Letter from Fox Canyon Groundwater Management Agency

This representation letter is provided in connection with your audit of the basic financial statements of Fox Canyon Groundwater Management Agency (the Agency) as of June 30, 2024 and June 30, 2023 and for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, of the Agency in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of August 13, 2025:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 5, 2025, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of the system 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

FCGMA Representation Letter
August 18, 2025

- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, if any, are included and other joint ventures and related organizations are properly disclosed.
- All components of net position are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.

FCGMA Representation Letter
August 18, 2025

- There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the Agency from whom you determined it necessary to obtain audit evidence.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All information provided in electronic form are true unaltered representations of the original documents.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the Agency's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the Agency and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Agency's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the Agency's related parties and all the related party relationships and transactions of which we are aware.

FCGMA Representation Letter
August 18, 2025

- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Agency has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the Agency is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the Agency will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62

FCGMA Representation Letter
August 18, 2025

- Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have evaluated any lease agreements and have given you our assessment as to whether each lease is subject to GASB Statement No. 87, *Leases*. We have also reevaluated any old agreements and updated our assessments as applicable.
- We have evaluated any SBITA agreements and have given you our assessment as to whether each lease is subject to GASB Statement No. 96, *Subscription Based IT Arrangements*. We have also reevaluated any old agreements and updated our assessments as applicable.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have not spent over \$750,000 in federal funds during the fiscal year under audit.

Cybersecurity

- There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
- We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

FCGMA Representation Letter
August 18, 2025

- When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the Agency of the supplementary information and the auditor's report thereon.
- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility 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 by the Agency of the supplementary information and the auditor's report thereon.

Sincerely,



John Demers

Executive Officer,

Fox Canyon Groundwater Management Agency



To the Board of Directors
Fox Canyon Groundwater Management Agency
Ventura, California

In planning and performing our audit of the financial statements of Fox Canyon Groundwater Management Agency (the Agency) as of and for the years ended June 30, 2024 and 2023, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated August 13, 2025 on the financial statements of the entity. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

Following are descriptions of other identified deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses.

2024-001 Accounts Receivable Reconciliations

Observation

During the audit, it was noted that management does not perform regular reconciliations between the accounts receivable balance recorded in the general ledger and the corresponding subsidiary ledger.

Risk

Without timely and consistent reconciliation, discrepancies may go undetected, increasing the risk of material misstatements in the financial statements. Additionally, the absence of a structured reconciliation process may result in billing and collection errors, potentially affecting the Agency's revenue accuracy and cash flow.

Recommendation

Given the significance of accounts receivable to the Agency's financial position, it is essential that this account be subject to regular oversight. We recommend that management implement a formal process to reconcile the accounts receivable balance between the general ledger and subsidiary ledger. At a minimum, this reconciliation should occur at fiscal year-end to ensure the accuracy and completeness of receivables prior to audit procedures. Regular reconciliation will help ensure the reliability of reported balances and support the integrity of the Agency's financial reporting.

Managements response

We agree and will implement at a minimum an annual review and reconciliation of the subsidiary ledger to the general ledger. The Agency has enlisted County IT personnel for the development of Accounts Receivable Aging Report.

2024-002 Lack of Receivable Detailed Schedule and Aging Report

Observation

The Agency does not maintain detailed subsidiary records or aging reports for accounts receivable that reconcile with the general ledger balance. As a result, the audit team experienced challenges in obtaining sufficient audit evidence to support the receivables balance due to the absence of adequate records and supporting documentation. Consequently, alternative procedures were necessary to audit this account.

Risk

The lack of subsidiary records and an aging schedule reflects a weakness in internal control over receivables. Aging reports are essential tools for monitoring outstanding balances, assessing the timeliness of customer payments, and identifying overdue accounts. Without these records, the Agency may have difficulty managing collections effectively and ensuring the accuracy of its financial reporting.

Recommendation

Through our walkthrough procedures, we understand that the Agency operates on a cash basis for receivables, recognizing revenue only upon receipt of payment. Credit memos are not issued; overpayments or adjustments are addressed through refunds. Additionally, the Agency's billing occurs semi-annually, with two billing cycles each fiscal year.

Despite the limited billing activity and cash basis recognition, we recommend that the Agency implement and maintain an aging schedule for monitoring and reporting purposes. This schedule would allow management to track outstanding billings by age category, monitor customer payment behavior, and identify delinquent accounts. It would also support cash flow forecasting and improve the auditability of receivables by providing a clear reconciliation between recorded balances and supporting detail.

Managements response

The Fox Canyon Groundwater Management Agency understands the need for visibility into customers who have invoices with outstanding balances. System modifications to provide aging reports are currently in the development and testing phases. Implementation is expected once IT, fiscal and Agency staff agree that the modifications meet the specifications required to address the audits findings.

Respectfully,

Rogers, Anderson, Malody & Scott, LLP.



Fox Canyon Groundwater Management Agency
Audited Financial Statements
As of and for the Years Ended June 30, 2024 and 2023
with Independent Auditor's Report

Fox Canyon Groundwater Management Agency
Audited Financial Statements
As of and for the Years Ended June 30, 2024 and 2023
with Independent Auditor's Report

**Fox Canyon Groundwater Management Agency
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INTRODUCTORY SECTION



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*

EXECUTIVE OFFICER
John Demers

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

SUBJECT: Letter of Transmittal, Annual Financial Report

Introduction

It is our pleasure to submit the Annual Financial Report for the Fox Canyon Groundwater Management Agency for the fiscal years ended June 30, 2024, and 2023, following guidelines set forth by the Governmental Accounting Standards Board. Agency staff prepared this financial report. The Agency is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the Agency's financial position and activities.

This report is organized into two sections: (1) Introductory and (2) Financial. The Introductory section offers general information about the Agency's organization and current Agency activities, and reports on a summary of significant financial results. The Financial section includes the Independent Auditor's Report, Management's Discussion and Analysis of the Agency's basic financial statements, and the Agency's audited basic financial statements with accompanying notes.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Agency's MD&A can be found immediately after the Independent Auditor's Report.

District Structure and Leadership

The Fox Canyon Groundwater Management Agency was created by the State of California on September 13, 1982, under Assembly Bill No. 2995 Chapter 1023. The Agency was created to manage the groundwater in overdraft and potentially seawater intruded areas in Ventura County. The prime agency objective is to preserve groundwater resources for agricultural, municipal, and industrial uses in the best interest of the public and for the common benefit of all water users.

The Agency is governed by a five-member Board of Directors. The Agency has no employees but contracts with the County of Ventura for staff services to provide professional and technical expertise, legal, administrative, and fiscal services needed to run the day-to-day operations of the organization. The Agency's Board of Directors meets each month. Meetings are publicly noticed, and citizens are encouraged to attend.

800 South Victoria Avenue, Ventura, CA 93009-1610 (805) 654-2014

Agency Services

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

Internal Control Structure

Agency management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the Agency are protected from loss, theft, or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Agency's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits require estimates and judgments by management.

Budgetary Control

The Agency Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the Agency's enterprise operations and capital projects. The budget and reporting treatment applied to the Agency is consistent with the accrual basis of accounting and the financial statement basis.

Investment Policy

The Board of Directors has adopted an investment policy that conforms to state law, Agency ordinance and resolutions, prudent money management, and the "prudent person" standards. The objective of the Investment Policy is safety, liquidity, and yield. All cash and investments of the Agency are held in the investment pool managed by the Ventura County Treasurer.

Agency Revenues - Extraction Charges and Surcharges

The primary revenue source for the Agency is Extraction charges that are assessed at \$6.00 per acre-foot, a Sustainability fee assessed at \$29.00 per acre-foot, and a Reserve fee assessed at \$20.00 per acre-foot against all well owners within the geographic boundaries of the Agency. In addition, the Agency levies a surcharge on groundwater extractions in excess of a person(s) approved annual allocation based on the cost to import potable water from the Metropolitan Water District of Southern California (MWD) through Calleguas Municipal Water District (CMWD). Surcharges are assessed per water year, tiered with base tier set at CMWD Tier 2 rate.

Surcharges are not used to support Agency operations but rather are kept in an account designated by the Board to be used for supplemental water purchases or other expenses that increase the water resources within the Agency. Expenses against surcharges must be approved by the Board.

Audit and Financial Reporting

State Law requires the Agency to obtain a biennial audit of its financial statements by an independent certified public accountant. The accounting firm of Rogers Anderson Malody & Scott, LLP has conducted an audit of the Agency's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section.

Other References

More information is contained in the Management's Discussion and Analysis and the Notes to the Basic Financial Statements found in the Financial Section of the report.

Acknowledgements

Preparation of this report was accomplished by the combined efforts of Agency staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the Agency. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of Fox Canyon Groundwater Management Agency's fiscal policies.

Respectfully submitted,



John Demers

Executive Officer

**Fox Canyon Groundwater Management Agency
Official Roster
As of June 30, 2024**

<u>Name</u>	<u>Title</u>	<u>Elected/Appointed</u>	<u>Current Term</u>
Eugene F. West	Chair	Appointed	02/2023 - 02/2025
Kelly Long	Vice Chair	Appointed	02/2023 - 02/2025
Tony Trembley	Director	Appointed	02/2022 - 02/2024
David Borchard	Director	Appointed	02/2022 - 02/2024
Lynn Maulhardt	Director	Appointed	02/2023 - 02/2025

FINANCIAL SECTION



Independent Auditor's Report

To the Board of Directors
Fox Canyon Groundwater Management Agency
Ventura, CA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fox Canyon Groundwater Management Agency (the Agency), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States; and the State Controller's *Minimum Audit Requirements for California Special Districts*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. 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 internal control. Misstatements 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.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Agency's internal control. Accordingly, no such opinion is expressed.
- 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do 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.

Other Information

Management is responsible for the other information included in the annual report. The other information compromises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion on any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2025 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
August 13, 2025

Fox Canyon Groundwater Management Agency

Management's Discussion and Analysis (unaudited)
For the years ended June 30, 2024 and 2023

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of Fox Canyon Groundwater Management Agency (the Agency) provides an introduction to the financial statements of the Agency for the fiscal years ended June 30, 2024 and 2023. We encourage readers to consider the information presented herein in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2024, the Agency's net position increased by 71.59% or \$3,364,811 to \$8,065,238. In comparison, the Agency's net position increased by 32.47% or \$1,152,072 to \$4,700,427 during fiscal year 2023.
- In fiscal year 2024, the Agency's total operating revenues increased by 16.78% or \$1,056,724 to \$7,355,935. In fiscal year 2023, the Agency's total operating revenues increased by 40.44% or \$1,813,853 to \$6,299,211.
- In fiscal year 2024, the Agency's total non-operating revenues increased by 203.60% or \$227,393 to \$339,081. In fiscal year 2023, the Agency's total non-operating revenues increased by 343.92% or \$157,477 to \$111,688.
- In fiscal year 2024, the Agency's total operating expenses decreased by 17.65% or \$928,059 to \$4,330,205. In fiscal year 2023, the Agency's total operating expenses increased by 26.49% or \$1,101,361 to \$5,258,264.

Required Financial Statements

This annual report consists of a series of financial statements. The Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows provide information about the activities and performance of the Agency.

The Statements of Net Position includes all of the Agency's investments in resources (assets) and deferred outflows of resources, the obligations to creditors (liabilities) and deferred inflows of resources. They also provide the basis for computing a rate of return, evaluating the capital structure of the Agency, and assessing the liquidity and financial flexibility of the Agency. All of the years' revenue and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. These statements measure the success of the Agency's operations over the past year and can be used to determine if the Agency has successfully recovered all of its costs through its rates and other charges. These statements can also be used to evaluate profitability and credit worthiness.

The final required financial statement is the Statements of Cash Flows, which provide information about the Agency's cash receipts and cash payments during the reporting period. The Statement of Cash Flows report cash receipts, cash payments, and net changes in cash resulting from operations, investing, noncapital financing, and capital and related financing activities, and providing answers to such questions as where cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Fox Canyon Groundwater Management Agency

Management's Discussion and Analysis (unaudited)
For the years ended June 30, 2024 and 2023

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages as listed in the table of contents.

Financial Analysis of the Agency

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the Agency in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Agency's net position and changes in them. One can think of the Agency's net position (the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources), as one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net position is one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

Revenues Extraction Charges

The primary revenue source for the Agency is the extraction charges that are assessed at \$6.00 per acre-foot against all well owners within the geographic boundaries of the Agency. In addition, the Agency places a surcharge for extraction in excess of the baseline allowance. The intent of the surcharge is to discourage extraction of groundwater in excess of the approved allocation when that extraction adversely affects achieving a safe yield of any basin within the Agency. Surcharges are assessed using a tiered structure with a base of \$1,929 for 25 acre-feet or less; an additional \$250 per acre-foot over 25 but less than 100 acre-feet and an additional \$500 per acre-foot over 100 acre-feet. Surcharges are not used to support the Agency's operations but rather are kept in an account designated by the Board to supplement water purchases or other expenses that increase the water resources within the Agency. Disbursements from surcharges must be approved by the Board.

The following summarizes extraction surcharge revenues for the years ended June 30, 2024, 2023, 2022, and 2021:

	For the year ended June 30,			
	2024	2023	2022	2021
Fees per acre foot	\$ 6	\$ 6	\$ 6	\$ 6
Acre feet pumped	89,084	111,574	107,757	105,575
Extraction revenue	\$ 817,117	\$ 777,109	\$ 638,416	\$ 775,988
Surcharge revenue	\$ 802,550	\$ 1,164,121	\$ 1,361,456	\$ 628,410

Fox Canyon Groundwater Management Agency

Management's Discussion and Analysis (unaudited)
For the years ended June 30, 2024 and 2023

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages as listed in the table of contents.

Condensed Statements of Net Position

	2024	2023	June 30, Change	2022	Change
Assets					
Current assets	\$11,701,148	\$ 5,768,176	\$ 5,932,972	\$ 4,333,498	\$ 1,434,678
Capital assets, net	-	-	-	563	(563)
Total assets	11,701,148	5,768,176	5,932,972	4,334,061	1,434,115
Liabilities					
Current liabilities	3,635,910	1,067,749	2,568,161	785,706	282,043
Total liabilities	3,635,910	1,067,749	2,568,161	785,706	282,043
Net position					
Investment in capital assets	-	-	-	563	(563)
Unrestricted	8,065,238	4,700,427	3,364,811	3,547,792	1,152,635
	<u>\$ 8,065,238</u>	<u>\$ 4,700,427</u>	<u>\$ 3,364,811</u>	<u>\$ 3,548,355</u>	<u>\$ 1,152,072</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets of the Agency exceeded liabilities by \$8,065,238 as of June 30, 2024 and \$4,700,427 as of June 30, 2023.

Currently, all of the Agency's net position as of June 30, 2024 and 2023 reflects the Agency's unrestricted component (net amount of the assets and liabilities), that are not included in the determination of the net investment in capital assets or restricted component of net position. The Agency uses these unrestricted assets to provide funding for future Agency operations.

At the end of fiscal year 2024 and 2023, the Agency showed a positive balance in its unrestricted net position of \$8,065,238 and \$4,700,427, respectively.

The respective significant increases in current assets and current liabilities year over year is due to the DWR grant passthrough amounts, see Note 9 of these financial statements for further details regarding these amounts.

Fox Canyon Groundwater Management Agency

Management's Discussion and Analysis (unaudited)
For the years ended June 30, 2024 and 2023

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	For the year ended June 30,				
	2024	2023	Change	2022	Change
Operating revenues	\$ 7,355,935	\$ 6,299,211	\$ 1,056,724	\$ 4,485,358	\$ 1,813,853
Non-operating revenues	339,081	111,688	227,393	(45,789)	157,477
Total revenue	<u>7,695,016</u>	<u>6,410,899</u>	<u>1,284,117</u>	<u>4,439,569</u>	<u>1,971,330</u>
Operating expenses	4,330,205	5,258,264	(928,059)	4,156,903	1,101,361
Depreciation	-	563	(563)	786	(223)
Change in net position	<u>\$ 3,364,811</u>	<u>\$ 1,152,072</u>	<u>\$ 2,212,739</u>	<u>\$ 281,880</u>	<u>\$ 870,192</u>

The statements of revenues, expenses, and changes in net position show how the Agency's net position changed during the fiscal year.

A closer examination of the sources of changes in net position reveals that:

In fiscal year 2024, the Agency's net position increased by 71.59% or \$3,364,811 to \$8,065,238 mainly due to increase of Sustainability Fee. In fiscal year 2023, the Agency's net position increased by 32.47% or \$1,152,072 to \$4,700,427 as a result of ongoing operations.

In fiscal year 2024, the Agency's total operating revenues increased by 16.78% or \$1,056,724, primarily due to the increase of \$963,780 in extraction charges revenue which was offset by a decrease of \$92,944 in other income. In 2023, total operating revenues increased by 40.44% or \$1,813,853, primarily due to an increase of \$1,813,853 in extraction charges revenue.

In fiscal year 2024, the Agency's total non-operating revenues increased by 203.60% or \$227,393, primarily due to gains in the fair value change of its investments and increased interest earnings. In fiscal year 2023, the Agency's total non-operating revenues increased by 343.92% or \$157,477, primarily due to increases in interest earnings and gains in the change in the fair value of investments.

In fiscal year 2024, the Agency's total operating expenses decreased by 17.66% or \$928,059, primarily due to a \$874,991 decrease in legal and professional services and a decrease of \$51,494 in Ventura County public works charges.

In fiscal year 2023, the Agency's total operating expenses increased by 26.49% or \$1,101,361, primarily due to \$1,094,593 increase in professional services and a \$35,516 increase in Ventura County public works charges, offset by a decrease of \$27,928 in office expenses.

Fox Canyon Groundwater Management Agency

Management's Discussion and Analysis (unaudited)
For the years ended June 30, 2024 and 2023

Capital Asset Administration

Changes in capital assets for 2024 were as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets				
Depreciable assets	\$ 542,915	\$ -	\$ -	\$ 542,915
Accumulated depreciation	(542,915)	-	-	(542,915)
Total capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Changes in capital assets for 2023 were as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets				
Depreciable assets	\$ 542,915	\$ -	\$ -	\$ 542,915
Accumulated depreciation	(542,352)	(563)	-	(542,915)
Total capital assets, net	<u>\$ 563</u>	<u>\$ (563)</u>	<u>\$ -</u>	<u>\$ -</u>

At the end of fiscal year 2024 and 2023, the Agency's investment in capital assets amounted to \$-0- and \$-0- (net of accumulated depreciation), respectively. This investment in capital assets includes equipment and software.

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the Agency's current financial position, net position, or operating results in terms of past, present, and future.

Requests for Information

This financial report is designed to provide the Agency's funding sources, customers, stakeholders, and other interested parties with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Fox Canyon Groundwater Management Agency at 800 South Victoria Avenue, Ventura, CA 93009-1600.

BASIC FINANCIAL STATEMENTS

Fox Canyon Groundwater Management Agency

Statements of Net Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets:		
Cash and investments	\$ 7,187,863	\$ 4,433,278
Receivables, net:		
Due from County of Ventura	12,079	65,682
Accounts	1,305,039	972,392
Due from other governments - grants	3,075,604	260,456
Interest	120,563	36,368
Total current assets	<u>11,701,148</u>	<u>5,768,176</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>
Total assets	<u>11,701,148</u>	<u>5,768,176</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	530,593	670,498
Due to other governments - grants	3,075,604	260,456
Due to the County of Ventura	29,713	136,795
Total current liabilities	<u>3,635,910</u>	<u>1,067,749</u>
Total liabilities	<u>3,635,910</u>	<u>1,067,749</u>
Net position:		
Investment in capital assets	-	-
Unrestricted	<u>8,065,238</u>	<u>4,700,427</u>
Total net position	<u>\$ 8,065,238</u>	<u>\$ 4,700,427</u>

The accompanying notes are an integral part of these financial statements.

Fox Canyon Groundwater Management Agency

Statements of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2024 and 2023

	2024	2023
Operating revenues		
Extraction charges and surcharges	\$ 7,262,991	\$ 6,299,211
Other	92,944	-
Total operating revenues	<u>7,355,935</u>	<u>6,299,211</u>
Operating expenses		
Ventura County public works charges	1,540,952	1,592,446
Professional services	2,759,772	3,634,763
Office expenses	4,833	10,982
Maintenance building and improvements	13,622	8,812
Insurance	4,118	3,796
Special department expenses	2,501	3,973
Publications and legal notices	991	601
Communications	4	2
Miscellaneous	3,412	2,889
Total operating expenses	<u>4,330,205</u>	<u>5,258,264</u>
Operating income before depreciation	<u>3,025,730</u>	<u>1,040,947</u>
Depreciation	-	563
Operating income	<u>3,025,730</u>	<u>1,040,384</u>
Nonoperating revenues (expenses)		
Interest income	277,445	88,098
Grant revenue	3,516,579	824,290
Grant expense	(3,516,579)	(824,290)
Net increase in the fair value of investments	61,636	23,590
Total nonoperating revenues (expenses)	<u>339,081</u>	<u>111,688</u>
Change in net position	3,364,811	1,152,072
Net position		
Beginning of year	<u>4,700,427</u>	<u>3,548,355</u>
End of year	<u><u>\$ 8,065,238</u></u>	<u><u>\$ 4,700,427</u></u>

The accompanying notes are an integral part of these financial statements.

Fox Canyon Groundwater Management Agency

Statements of Cash Flows
For the years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from extraction fees	\$ 7,076,891	\$ 5,609,702
Cash payments to suppliers for goods and services	<u>(4,577,192)</u>	<u>(5,236,677)</u>
Net cash provided by (used for) operating activities	<u>2,499,699</u>	<u>373,025</u>
Cash flows from noncapital financing activities:		
Proceeds from grants	3,516,579	824,290
Grant payments to other governments	<u>(3,516,579)</u>	<u>(824,290)</u>
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Investment income and interest earnings	<u>254,886</u>	<u>76,344</u>
Net cash provided by (used for) investing activities	<u>254,886</u>	<u>76,344</u>
Net change in cash and cash equivalents	2,754,585	449,369
Cash and cash equivalents, beginning of year	<u>4,433,278</u>	<u>3,983,909</u>
Cash and cash equivalents, end of year	<u>\$ 7,187,863</u>	<u>\$ 4,433,278</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:		
Operating income	\$ 3,025,730	\$ 1,040,384
Depreciation	-	563
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
(Increase) decrease in assets:		
Accounts receivable	(332,647)	(628,568)
Due from County of Ventura	53,603	(60,941)
Due from other governments - grants	(2,815,148)	(260,456)
Increase (decrease) in liabilities:		
Accounts payable	(139,905)	(91,352)
Due to County of Ventura	(107,082)	112,939
Due to other governments - grants	<u>2,815,148</u>	<u>260,456</u>
Net cash provided by (used for) operating activities	<u>\$ 2,499,699</u>	<u>\$ 373,025</u>
Schedule of non-cash operating, noncapital and capital related financing and investing activities		
None	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Fox Canyon Groundwater Management Agency

Notes to the Basic Financial Statements
For the years ended June 30, 2024 and 2023

NOTE 1 REPORTING ENTITY

Organization and Operations of the Reporting Entity

The Fox Canyon Groundwater Management Agency (the Agency) was formed on September 13, 1982, for the preservation of groundwater resources within the territory of the Agency for agricultural, municipal, and industrial uses. The Agency is governed by a five-member Board of Directors. The Board of Directors are appointed by their respective organizations or agencies including the 1) County of Ventura Board of Supervisors, 2) United Conservation District, 3) seven small districts within the agency (Alta Mutual Water Company, Pleasant Valley County Water District, Berylwood Mutual Water Company, Calleguas Municipal Water District, Camrosa Water District, Zone Mutual Water Company, and Del Norte Mutual Water Company), 4) the five incorporated cities within the Agency (Ventura, Oxnard, Camarillo, Port Hueneme, and Moorpark), and 5) the farmers.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Financial Statement Presentation follows the standards the standards promulgated by the Governmental Accounting Standards Board (GASB) commonly referred to us as U.S. GAAP. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

Basis of Accounting and Measurement Focus

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water extraction fees), capital grants, and similar funding. The Agency uses the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Operating revenues and expenses, such as extraction fees and purchase of professional services, result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

Basic Financial Statements

The basic financial statements are comprised of the statements of net position, the statements of revenues, expenses, and changes in net position, the statements of cash flows, and the related notes to the financial statements.

Cash and Cash Equivalents

Substantially all the Agency's cash is invested in interest-bearing accounts. The Agency considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Fox Canyon Groundwater Management Agency

Notes to the Basic Financial Statements
For the years ended June 30, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Accounts Receivable and Allowance for Uncollectible Accounts

The Agency extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the Agency uses the allowance method for the reservation and write-off of those accounts. The Agency considers such factors as historical trends for collections and knowledge of financial stability of debtors to establish the allowance for doubtful accounts. Receivables are written off when management determines that the amount will not be collectible. As of June 30, 2024 and 2023, no allowance for uncollectible accounts receivable was considered necessary as all accounts receivable were deemed fully collectable.

Capital Assets

Capital assets acquired and/or constructed by the Agency are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at \$5,000 for equipment and purchased software. Internally generated software threshold is set at \$50,000. Donated assets are recorded at acquisition value on the date donated. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Depreciable Assets</u>	<u>Estimated useful lives</u>
Equipment	2 to 30 years
Purchased software	2 to 10 years
Internally generated software	2 to 10 years

Net Position

The Agency follows the financial reporting requirements of the GASB and reports net position under the following classifications:

- *Net investment in capital assets* – this component of net position consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* – this component of net position consists of constraints placed on net position the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted* – this component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

Fox Canyon Groundwater Management Agency

Notes to the Basic Financial Statements
For the years ended June 30, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position Flow Assumption

When an Agency fund outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position is available, it is considered that restricted resources are used first, followed by the unrestricted resources.

Budgetary Policies

The Agency adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

Extraction Charges and Surcharge Fees

Extraction charges are recognized in the period the water is extracted based on reports received from well operators. The Agency considers unreported extraction charge revenue to be immeasurable and does not recognize it until it becomes measurable in the form of a report from the operator. The Agency imposes a \$50 per day civil penalty for operators who fail to report timely.

Surcharge fees are assessed annually as of December 31 and payable by February 1, revenue is recognized in the period when received, as amounts are not considered reasonably estimable and are therefore not considered susceptible to accrual.

Financial Reporting

The GASB has issued several pronouncements that have effective dates that may impact future financial statement presentation. The Agency is evaluating the potential impacts of the following GASB statements on its accounting practices and financial statements.

- GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The implementation of this new accounting standard has no significant impact to the Agency's financial statements.

Fox Canyon Groundwater Management Agency

Notes to the Basic Financial Statements
For the years ended June 30, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The implementation of this new accounting standard has no significant impact to the Agency’s financial statements.
- GASB Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for various reporting periods with the last effective date beginning after June 15, 2023. The implementation of this new accounting standard has no significant impact to the Agency’s financial statements.
- GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. The implementation of this new accounting standard has no significant impact to the Agency’s financial statements.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of June 30, 2024 and 2023, are classified in the accompanying financial statements as follows:

	<u>2024</u>	<u>2023</u>
Cash and investments	<u>\$ 7,187,863</u>	<u>\$ 4,433,278</u>

The Agency’s Joint Powers Agreement designates its treasurer to be the Treasurer of Ventura County (a member agency), pursuant to Section 6505.5 of the California Government Code. Therefore, all cash and investments of the Agency as of June 30, 2024 and 2023 are held in the investment pool managed by the Ventura County Treasurer. The Agency’s total cash and investments of \$7,187,863 and \$4,433,278 as of June 30, 2024 and 2023 respectively, consist of a ratable portion of the total investment pool of the County of Ventura.

As provided for by California Government Code Section 53635, the cash balances are invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. The County Treasurer invests the Agency’s funds in accordance with State statutes and the County’s Investment Policy Statement (IPS), as approved by the Treasury Oversight Committee and the County Board of Supervisors.

Fox Canyon Groundwater Management Agency

Notes to the Basic Financial Statements
For the years ended June 30, 2024 and 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

The policy, drafted in accordance with state law, emphasizes safety, liquidity and yield and follows the “prudent investor rule.” Investments permitted by the IPS include obligations of the U.S. Treasury, agencies and instrumentalities, or commercial paper rated A-1 or better by Standard and Poor’s Ratings Services (S & P) or P-1 by Moody’s Commercial Paper Record, bankers’ acceptances, repurchase agreements, corporate notes, negotiable certificates of deposit, obligations of the State of California and obligations of any local agency within California. Investment earnings are allocated based on average daily balance in the Treasurer’s pool for the calendar quarter. The earnings are distributed to participants twice per quarter as cash is received and accrued at year-end. The investment pool includes both voluntary and involuntary participants for whom cash and investments are held by the County Treasurer. All investments are reported at fair value, which is either the market price or amortized cost. Currently, the Agency does not have any investments subject to the fair value hierarchy.

Please see the Ventura County Investment Policy for more information regarding risks related to credit quality, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

NOTE 4 CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2024 was as follows:

	Balance July 31, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets being depreciated:				
Equipment	\$ 185,063	\$ -	\$ -	\$ 185,063
Software	357,852	-	-	357,852
Total capital assets being depreciated:	542,915	-	-	542,915
Less accumulated depreciation				
Equipment	(185,062)	-	-	(185,062)
Software	(357,853)	-	-	(357,853)
Total accumulated depreciation	(542,915)	-	-	(542,915)
Total capital assets being depreciated, net	\$ -	\$ -	\$ -	\$ -

Capital assets activity for the fiscal year ended June 30, 2023 was as follows:

	Balance July 31, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets being depreciated:				
Equipment	\$ 185,063	\$ -	\$ -	\$ 185,063
Software	357,852	-	-	357,852
Total capital assets being depreciated:	542,915	-	-	542,915
Less accumulated depreciation				
Equipment	(184,499)	(563)	-	(185,062)
Software	(357,853)	-	-	(357,853)
Total accumulated depreciation	(542,352)	(563)	-	(542,915)
Total capital assets being depreciated, net	\$ 563	\$ (563)	\$ -	\$ -

Depreciation expense of \$-0- and \$563 were charged to operations during fiscal years 2024 and 2023, respectively.

Fox Canyon Groundwater Management Agency

Notes to the Basic Financial Statements
For the years ended June 30, 2024 and 2023

NOTE 5 RISK MANAGEMENT

The Agency is primarily exposed to risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. To protect itself, the Agency contract with the County of Ventura for legal services and maintains an errors and omissions policy of \$1,000,000 through the County of Ventura.

NOTE 6 CONCENTRATION RISK

The Agency has the following major customers: Glass House Camarillo Cultivation, United Water Conversation District, City of Ventura, Boskovich Farms Inc., Pleasant Valley County Water District, Leavens Ranches LLC, etc.

NOTE 7 RELATED PARTY TRANSACTIONS

The Agency contracts with the County for professional specialty services. The employees of the County provide professional, technical, financial, billing, administrative, clerical, and computer information services to the Agency. The Agency compensates the County for time spent by County employees on the Agency's business and for the services provided to the Agency by the County. The Agency's total expense paid to the County for Public Works Agency charges other than administrative services for the years ended June 30, 2024 and 2023 are shown as the Ventura County public works agency charges in the Statement of Revenues, Expense and Changes in Net Position. As of June 30, 2024 and 2023, due from County of Ventura amounted to \$12,079 and \$65,682, respectively.

As of June 30, 2024 and 2023, Due to County of Ventura amounted to \$29,713 and \$136,795, respectively.

The Agency recognized revenue of \$680,009 in 2024 and \$625,965 in 2023 from the United Water Conservation District for groundwater extraction fees. The Agency also recognized revenue of \$408,407 in 2024 and \$92,317 in 2023, from other entities sharing a Board member with the Agency including the City of Camarillo and Camrosa Water District.

Receivables from United Water Conservation District and other entities sharing a board member with the Agency are displayed separately on the Statements of Net Position.

NOTE 8 CONTINGENCIES

The Agency is currently involved in litigation with multiple parties concerning water rights and matters related to California's Sustainable Groundwater Management Act. The Agency does not have groundwater rights, but it is actively participating in the lawsuit to ensure that any resolution is consistent with its groundwater sustainability plans and allocation ordinance. The Agency does not face any liability for damages in connection with the challenges to the GSPs and the allocation ordinance, or the groundwater adjudication. At this time, the Agency cannot reasonably determine the probability of an unfavorable outcome.

Fox Canyon Groundwater Management Agency

Notes to the Basic Financial Statements
For the years ended June 30, 2024 and 2023

NOTE 9 GRANT ADMINISTRATION, REVENUES, AND EXPENSES

During the fiscal year ended June 30, 2023, the Agency entered into two grant agreements with the State of California Department of Water Resources (DWR), each in the amount of \$7,600,000, under the 2021 Sustainable Groundwater Management Grant Program – SGMA Implementation Round 1. The Agency serves solely as the administrator of the grants.

As administrator, the Agency executed subgrant agreements with three subgrantees: Pleasant Valley County Water District, United Water Conservation District, and the City of Camarillo. The subgrantees are responsible for implementing the approved projects and will incur all associated project costs. Additionally, each subgrantee is required to reimburse the Agency for its share of administrative costs related to the administration of the grants.

Under the terms of the agreements, subgrantees submit documentation of eligible expenses to the Agency. The Agency then compiles and submits reimbursement requests to DWR. Upon receipt of funds from DWR, the Agency disburses the appropriate amounts to the respective subgrantees.

Based on the above information, the grant does not affect the Agency's net position and has a net zero effect on the statement of revenues, expenses and changes in net position and the statement of cash flows.

NOTE 10 GOVERNMENTAL ACCOUNTING STANDARDS BOARDS STATEMENT ISSUED, NOT YET EFFECTIVE

The GASB has issued several pronouncements, that have effective dates that may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of the Agency.

- GASB Statement No. 101, *Compensated Absences*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.
- GASB Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.
- GASB Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

NOTE 11 SUBSEQUENT EVENTS

Management has evaluated events subsequent to June 30, 2024 and 2023 through August 13, 2025, the date at which the financial statements were available to be issued and have determined that no adjustments were necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Fox Canyon Groundwater Management Agency

Notes to the Basic Financial Statements
For the years ended June 30, 2024 and 2023

NOTE 11 SUBSEQUENT EVENTS (CONTINUED)

On October 8, 2024, the Superior Court of California awarded approximately \$550,000 in attorneys' fees and costs against the Agency in connection with a case involving groundwater pumping extraction allocations. This event occurred after the financial statement date and does not impact the amounts recognized in the accompanying financial statements. In November 2024, the Agency appealed the trial court's award of attorney's fees and costs.

COMPLIANCE SECTION



**Report an Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

Independent Auditor's Report

To the Board of Directors
Fox Canyon Groundwater Management Agency
Ventura, CA

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements for California Special Districts*, the financial statements of Fox Canyon Groundwater Management Agency, (the Agency) as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated August 13, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
August 13, 2025

FCGMA Board Regular Meeting, October 22, 2025
Item 12 - LPV Watermaster FSR as of 9/25

Prepared by: Daiva Pekinas

A	B	C	D	E	F	G	H
1	FUND: 0171 UNIT: 5796	DETAIL BY ACCOUNTING PERIOD					
2	LPV WATERMASTER	OBJ	PROG	TOTAL	AP 01	AP 02	AP 03
3	<i>Financial Status Report as of September 2025</i>				July	August	September
4	BEGINNING CASH BALANCE			1,265,314.36	1,265,314.36	1,186,052.32	961,109.41
5	REVENUE:						
6	BASIN ASSESSMENT FEE	9790	P6020670	(27,721.58)	(30,504.01)	2,782.43	-
7	BASIN ASSESSMENT INTEREST	9790	P6020671	553.47	275.23	278.24	-
8	INTEREST EARNINGS	8911	-	(16,707.44)	(25,765.00)	9,057.56	-
9	TOTAL REVENUE			(43,875.55)	(55,993.78)	12,118.23	-
10	EXPENDITURES:						
11	SUPPORT						
12	PUBLIC WORKS ISF CHARGES - LPV WATERMASTER ADMINISTRATION	2205	P6020660	20,213.28	3,838.18	8,463.88	7,911.22
13	PUBLIC WORKS ISF CHARGES - LPV ALLOCATIONS & RECORD KEEPING	2205	P6020661	10,902.01	2,848.08	4,313.43	3,740.50
14	PUBLIC WORKS ISF CHARGES - LPV BASIN MANAGEMENT	2205	P6020662	13,072.27	1,033.04	8,409.43	3,629.80
15	PUBLIC WORKS ISF CHARGES - LPV COMMITTEE COORDINATION & CONSULTATIONS	2205	P6020663	7,822.18	2,522.95	2,909.91	2,389.32
16	PUBLIC WORKS ISF CHARGES - LPV BUDGET & ASSESSMENTS	2205	P6020664	2,874.34	1,972.41	901.93	-
17	PUBLIC WORKS ISF CHARGES - LPV LEGAL SERVICES	2205	P6020666	952.07	408.82	543.25	-
18	PUBLIC WORKS ISF CHARGES - LPV IT SERVICE & SUPPORT	2205	P6020667	2,085.35	282.29	1,443.91	359.15
19	PUBLIC WORKS CHARGES - LPV IT SERVICE & SUPPORT (CSD IT)	2199	P6020667	43,700.00	-	43,700.00	-
20	PUBLIC WORKS CHARGES - FISCAL SUPPORT (CSD FISCAL)	2199	P6020664	6,225.00	-	6,225.00	-
21	LPV CALLEGUAS ASR STUDY GROUP PROJECT OPERATIONS	2205	P6020665	-	-	-	-
22	LPV PROJECT BASIN ASSESSMENT IMPLEMENTATION	2205	P6020668	3,893.36	-	-	3,893.36
23	LEGAL						
24	LPV LEGAL SERVICES - COUNTY COUNSEL	2185	P6020666	21,157.50	-	13,513.50	7,644.00
25	LPV LEGAL SERVICES - STOEL RIVES	2185	P6020666	59,865.71	-	42,522.65	17,343.06
26	CONTRACTS						
27	RGS AUTHORITY	2199	P6020661	18,364.43	10,362.49	-	8,001.94
28	TODD GROUNDWATER-TAC	2199	P6020663	6,972.50	-	6,972.50	-
29	AQUILOGIC-TAC	2199	P6020663	1,520.00	-	1,520.00	-
30	DANIEL B STEPHENS & ASSOCIATES-TAC	2199	P6020663	1,347.25	-	1,347.25	-
31	DANIEL B STEPHENS & ASSOCIATES-PAC	2199	P6020663	317.00	-	317.00	-
32	DUDEK (GSP Update Task 10.2.1 - Committee Review & Response, Periodic Evaluation)	2183	P6020662	-	-	-	-
33	DUDEK (Initial Basin Optimization Plan - Tasks 12.5 - 12.7)	2183	P6020662	442.50	-	442.50	-
34	DUDEK (2025 Basin Optimization Yield Study)		P6020662	80,135.00	-	80,135.00	-
35	DUDEK (Task 13 - Technical Advisory Committee Watermaster Support Services)	2183	P6020663	13,380.00	-	13,380.00	-
36	OTHER						
37	AUDIT - BROWN ARMSTRONG ACCOUNTANCY CORP	2199	P6020664	-	-	-	-
38	TOTAL EXPENDITURES			315,241.75	23,268.26	237,061.14	54,912.35
39	NET MONTHLY INCOME				(79,262.04)	(224,942.91)	(54,912.35)
40	ENDING CASH BALANCE			906,197.06	1,186,052.32	961,109.41	906,197.06
41	NOTES:						
	No revenue posted in September.						
	In September, new project number P6020668 was assigned to the LPV Project Basin Assessment Implementation, and staff began charging time to projects identified in the Basin Optimization Plan. Total expenses decreased by \$182,148.79 (76.8%) from August, mainly due to lower legal fees billed from County Counsel and Stoel Rives, and fewer contract invoices, with only RGS Authority submitting an invoice for July services. The quarterly Central Services Division allocation processed in August, which also contributed to higher expenses in the previous month.						

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*
Michael Craviotto, *Farmer, Agricultural Representative*
Lynn Maulhardt, *Director, United Water Conservation District*
Tony Trembley, *Councilmember, City of Camarillo*

EXECUTIVE OFFICER
John Demers

October 22, 2025

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

SUBJECT: Conduct a Public Hearing and Adopt an Ordinance to Further Amend the Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins; Find that Adoption of the Ordinance is Exempt from the California Environmental Quality Act – (New Item)

RECOMMENDATIONS: (1) Receive a presentation on further amending “An Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins” (OPV Ordinance) to comply with the decision in *City of Oxnard v. Fox Canyon Groundwater Management Agency*, LASC Case No. 20STCP00929; (2) Conduct a public hearing on adoption of an ordinance to further amend the OPV Ordinance; (3) Adopt an ordinance to further amend the OPV Ordinance (Exhibit 14A); and (4) Find that adoption of the ordinance to further amend the OPV Ordinance is exempt from the California Environmental Quality Act.

BACKGROUND:

On December 2, 2019, the City of Oxnard (City) filed a petition for writ of mandate challenging the OPV Ordinance, alleging primarily that the OPV Ordinance violated Section 702 of the Fox Canyon Groundwater Management Agency Act (Section 702) by providing additional extraction allocation and flexibility to Pleasant Valley County Water District (Pleasant Valley) and United Water Conservation District (United) without providing the same to the City. The City’s petition also alleged the OPV Ordinance violated Water Code section 106 by prioritizing agricultural uses of water over domestic uses.

On August 31, 2023, the Los Angeles County Superior Court (Court) issued a peremptory writ of mandate ordering the Agency to rescind or revise the provisions of the OPV Ordinance that violate Section 702, and to set aside section 10.2 of the OPV Ordinance. Following issuance of the writ, the Agency decided to comply with the writ by amending the ordinance. On March 27, 2024, the Agency adopted An Ordinance Amending Articles

ITEM 14 - REMOVED BY BOARD ACTION DURING MEETING

FCGMA Board Regular Meeting, October 22, 2025

Item 14 – Ordinance Adoption to Further Amend OPV Allocation Ordinance

4 and 6 and Rescinding Section 10.2 of an Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins (Amended OPV Ordinance). The Amended OPV Ordinance rescinded section 10.2 of the OPV Ordinance and amended section 6 of the OPV Ordinance, which included the provisions that the court found violated Section 702. After the Agency filed the Amended OPV Ordinance with the Court, the City moved to compel compliance with the writ claiming the Amended OPV Ordinance did not resolve the Section 702 violations and thus did not comply with the August 2023 writ of mandate.

On September 30, 2024, the Court ruled that the Amended OPV Ordinance (specifically, its amendments to section 6 of the OPV Ordinance) sufficiently addressed the Section 702 violation related to the Conejo Creek Program. But the Court ruled that the Agency's attempt to correct the Section 702 violations related to the Santa Clara River Flex Program by adding a new Calleguas Flex Program continued to run afoul of Section 702 because the new Calleguas Flex Program did not include limitations on allocation reductions for Calleguas operators similar to those afforded to United operators in the Santa Clara River Flex Program.

DISCUSSION:

The original OPV Ordinance established a new extraction allocation system for the Oxnard and Pleasant Valley Basins, intending to transition the Agency's then-current groundwater management programs to sustainable groundwater management programs under the Sustainable Groundwater Management Act (SGMA). Among other things, the ordinance provided for reduction of allocations in the event the sustainable yield of the Oxnard and Pleasant Valley (OPV) Basins is less than the total extraction allocations established under the OPV Ordinance.

The OPV Ordinance also includes provisions designed to continue existing programs that benefit the OPV Basins. For example, during the base period established by the OPV Ordinance, the Conejo Creek Project supplied an average of 4,978 acre-feet of surface water annually to Pleasant Valley for agricultural use, which resulted in a corresponding decrease in groundwater use within Pleasant Valley's service area. Other operators received deliveries from local surface water supplies which reduced their groundwater extractions. For example, during the Base Period, Pleasant Valley and United Water Conservation District (United) received an average of 15,600 acre-feet annually of surface water deliveries from the Santa Clara River for their customers' agricultural use which could have been supplied by extracting groundwater from the OPV Basins but resulted in a corresponding decrease in groundwater use within Pleasant Valley's and United's service areas. The OPV Ordinance sought to encourage the continuation of these programs, known respectively as the Conejo Creek Program and the Santa Clara River Flex Program, given their benefits to the OPV Basins.

As explained above, in August 2023, the Court found the OPV Ordinance's Conejo Creek Program and Santa Clara River Flex Program violated Section 702¹ and ordered the Agency to rescind or revise the offending provisions. On March 27, 2024, the Agency

¹ In its August 31, 2023 writ of mandate and order, the Court also found the preference for agricultural water use in Section 10.2 of the OPV Ordinance violated the Water Code.

ITEM 14 - REMOVED BY BOARD ACTION DURING MEETING

FCGMA Board Regular Meeting, October 22, 2025

Item 14 – Ordinance Adoption to Further Amend OPV Allocation Ordinance

adopted An Ordinance Amending Articles 4 and 6 and Rescinding Section 10.2 of an Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins (Amended OPV Ordinance). The Amended OPV Ordinance amended section 6 of the OPV Ordinance to preserve the Conejo Creek Program and the Santa Clara River Flex Program and their corresponding benefits to the OPV Basins, but also to expand the scope of the programs to all operators with access to other water supplies that could offset their groundwater use in an effort to comply with the writ.²

Thereafter, the City filed a motion to compel the Agency's compliance with the Court's August 2023 writ of mandate, alleging the changes made by the Amended OPV Ordinance did not comply with the writ. On September 30, 2024, the Court ruled that the Amended OPV Ordinance sufficiently addressed the Section 702 violation related to the OPV Ordinance's Conejo Creek Program, but that a new Calleguas Flex Program that afforded operators with access to water from Calleguas Municipal Water District allocation flexibility similar to operators in the Santa Clara River Flex Program, continued to violate Section 702 because it did not include minimum guaranteed allocations for Calleguas operators similar to those afforded to Pleasant Valley and United operators in the Santa Clara River Flex Program.

In response to the finding that Amended OPV Ordinance violated Section 702 by including a minimum guaranteed allocation in Santa Clara Flex Program but not in the Calleguas Flex Program, the Agency has developed the attached proposed An Ordinance Amending Article 6 of An Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins (Further Amended OPV Ordinance). (See Exhibit A.) The Further Amended OPV Ordinance makes no changes to Sections 6.1, 6.2, 6.3, and 6.4 of the Amended OPV Ordinance because the Court's September 30, 2024 order did not find that those Sections violate Section 702 or the writ. However, the proposed Further Amended OPV Ordinance would delete in their entireties the Santa Clara River Flex Program adopted with the original OPV Ordinance and included in the Amended OPV Ordinance as well as the Calleguas Flex Program adopted with the Amended OPV Ordinance.³ By deleting both the Santa Clara River Flex and the Calleguas Flex Program, the Agency would eliminate the aspect of the Amended Ordinance that the Court found continues to violate Section 702, specifically, the existence of a minimum guaranteed allocation for Pleasant Valley and United operators but not for operators using Calleguas water. This would result in an ordinance that complies with the Court's August 2023 writ of mandate and its September 2024 ruling on the City's motion to compel compliance with the writ.

California Environmental Quality Act Compliance

The proposed Further Amended Ordinance is also necessary to ensure the continued applicability and viability of the OPV Ordinance and the sustainable management of the OPV Basins in accordance with SGMA is not impeded or delayed. Because it remains a necessary step in the Agency's transition from its previous groundwater management

² The Amended OPV Ordinance also rescinded section 10.2 of the OPV Ordinance in order to comply with the Court's August 31, 2023, writ of mandate and order.

³ A copy of the current, operative version of Article 6 of the OPV Ordinance with redline changes proposed by the Further Amended OPV Ordinance is attached at Exhibit B.

ITEM 14 - REMOVED BY BOARD ACTION DURING MEETING

FCGMA Board Regular Meeting, October 22, 2025

Item 14 – Ordinance Adoption to Further Amend OPV Allocation Ordinance

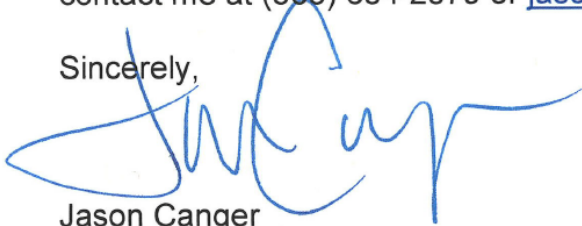
programs to sustainable groundwater planning and management under SGMA, the proposed Further Amended OPV Ordinance is statutorily exempt from the California Environmental Quality Act (CEQA) under Water Code section 10728.6. In addition, the proposed Further Amended OPV Ordinance is also necessary to maintain, restore, enhance, and protect the quantity and quality of groundwater supplies in the OPV Basins. It does not affect or alter the basic purpose of the OPV Ordinance, mainly, the establishment of an extraction allocation system designed to reduce pumping to the sustainable yield of the OPV Basins. As such, the proposed Further Amended OPV Ordinance is also exempt under the “common sense exemption” at CEQA Guidelines section 15061(b)(3). Finally, the proposed Further Amended OPV Ordinance is exempt under CEQA Guidelines sections 15307 and 15308 as an action by a regulatory agency to protect the environment and natural resources.

CONCLUSION:

It is recommended that your Board (1) Receive and file this board letter and presentation on the Further Amended OPV Ordinance; (2) conduct a public hearing on and adopt the proposed Further Amended OPV Ordinance, attached hereto as Exhibit A; and (3) Find the proposed Further Amended OPV Ordinance exempt from CEQA.

This letter has been reviewed by Agency Counsel. If you have any questions, please contact me at (805) 654-2879 or jason.canger@venturacounty.gov.

Sincerely,



Jason Canger
Agency Counsel

Attachments:

Exhibit 14A: An Ordinance Amending Article 6 of an Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins

ITEM 14 - REMOVED BY BOARD ACTION DURING MEETING

FCGMA Board Regular Meeting, October 22, 2025

Item 14A - An Ordinance Amending Article 6 of an Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins

AN ORDINANCE AMENDING ARTICLE 6 OF AN ORDINANCE TO ESTABLISH AN ALLOCATION SYSTEM FOR THE OXNARD AND PLEASANT VALLEY GROUNDWATER BASINS

ARTICLE 1. FINDINGS

- 1.1. The Fox Canyon Groundwater Management Agency (Agency) Board of Directors in response to the Sustainable Groundwater Management Act of 2014 (SGMA), on October 23, 2019, adopted An Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins (OPV Ordinance) which, among other things, established new extraction allocations throughout the Oxnard and Pleasant Valley Groundwater Basins (OPV Basins) to transition the Agency's then-current groundwater management programs to sustainable groundwater management programs under SGMA and provided for reduction of allocations in the event the sustainable yield of the OPV Basins is less than the total extraction allocations established under the OPV Ordinance.
- 1.2. In addition, the OPV Ordinance (i) adjusted the base-period allocation for Pleasant Valley County Water District (Pleasant Valley) in recognition of its use of water from the Conejo Creek Project and corresponding reduction in total agricultural extractions within its service territory during the base period established by the OPV Ordinance (Base Period); and (ii) provided Pleasant Valley and United Water Conservation District (United) with the flexibility to increase groundwater use in years when surface water supplies from the Santa Clara River are less than normal, subject to reduction of groundwater use in years when surface water supplies are more abundant.
- 1.3. On December 2, 2019, the City of Oxnard (City) filed a petition for writ of mandate in which it contended that the OPV Ordinance: (a) violated Section 702 of the Fox Canyon Groundwater Management Agency Act (Section 702) by providing additional extraction allocation and flexibility to Pleasant Valley and United without providing the same to the City; and (b) violated Water Code section 106 by prioritizing agricultural uses of water over domestic uses.
- 1.4. On August 31, 2023, the Los Angeles County Superior Court (Court) issued a peremptory writ of mandate which ordered the Agency to rescind or revise the provisions of the OPV Ordinance that violate Section 702, and to set aside section 10.2 of the OPV Ordinance. The Agency was further ordered to file with the court a return to the writ specifying the actions taken to comply with the writ.
- 1.5. In accordance with SGMA, on December 13, 2019, the Agency adopted groundwater

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sustainability plans for the OPV Basins which estimate the future sustainable yield of the OPV Basins to be approximately 50,600 acre-feet per year (conservatively), an amount which may be as much as 31,600 acre-feet below average annual extractions from the OPV Basins.

- 1.6. During the Base Period, certain operators' coordinated use of surface and/or supplemental water from projects reduced their groundwater extractions for the benefit of the Oxnard and Pleasant Valley Basins. For example, during the Base Period, the Conejo Creek Project supplied an average of 4,978 acre-feet of surface water annually to Pleasant Valley for agricultural use which could have been supplied by extracting groundwater from the OPV Basins but resulted in a corresponding decrease in groundwater use within Pleasant Valley's service area. Other operators received deliveries from other local surface water supplies which reduced their groundwater extractions. For example, during the Base Period, Pleasant Valley and United Water Conservation District (United) received an average of 15,600 acre-feet annually of surface water deliveries from the Santa Clara River for their customers' agricultural use which could have been supplied by extracting groundwater from the OPV Basins but resulted in a corresponding decrease in groundwater use within Pleasant Valley's and United's service areas. The OPV Ordinance sought to encourage the continuation of these programs, known respectively as the Conejo Creek Program and the Santa Clara River Flex Program, given their benefits to the OPV Basins. However, in its August 2023 writ and order, the Court found them to violate Section 702.
- 1.7. Following the Court's August 2023 peremptory writ and order, the Agency decided to comply with the writ by amending the OPV Ordinance to cure the Section 702 violations and rescind section 10.2 of the OPV Ordinance. On March 27, 2024, the Agency adopted An Ordinance Amending Articles 4 and 6 and Rescinding Section 10.2 of an Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins (Amended OPV Ordinance). The Amended OPV Ordinance rescinded section 10.2 of the OPV Ordinance and amended section 6 of the OPV Ordinance to preserve the Conejo Creek Program and the Santa Clara River Flex Program and their corresponding benefits to the OPV Basins, but to expand the scope of the programs to all operators with access to other water supplies that could offset their groundwater use in an effort to comply with the writ. To accomplish that, the Amended OPV Ordinance added an Adjusted Allocation Program (section 6.3) and a Calleguas Water Flex Allocation Program (section 6.6).
- 1.8. After the Agency filed the Amended OPV Ordinance in response to the writ, the City moved to compel compliance with the writ, claiming the Amended OPV Ordinance did not resolve the Section 702 violations identified in the writ. In a September 30, 2024 order, the Court rejected the City's argument that a "take requirement" in the new Adjusted Allocation Program violated Section 702. However, the court ruled that the Amended OPV Ordinance's inclusion of a guaranteed minimum allocation in the Santa

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Clara River Flex Program but not in the Calleguas Water Flex Program violated Section 702.

- 1.9. The Agency has decided not to seek appellate review of the trial court's September 30, 2024 ruling on the guaranteed minimum allocation issue, but instead to comply with that portion of the court's ruling by rescinding both the Santa Clara River Flex Program, which contained a guaranteed minimum allocation, and the Calleguas Flex Program, which did not. The Agency believes that this rescission complies with the Court's August 2023 writ of mandate and its September 2024 order on the City's motion to compel compliance, and that adoption of this revised ordinance is necessary to (i) ensure the continued applicability and viability of the OPV Ordinance and the sustainable management of the OPV Basins in accordance with SGMA is not impeded or delayed; and (ii) to maintain, restore, enhance, and protect the quantity and quality of groundwater supplies in the OPV Basins.
- 1.10. The Agency finds based on evidence in the record, including the Board's record relating to the prior ordinance approval and previously adopted and certified pursuant to Public Resources Code section 21167.6, that this ordinance is exempt from the California Environmental Quality Act (CEQA) pursuant to Water Code section 10728.6 and CEQA Guidelines sections 15061(b)(3), 15307, and 15308.
- 1.11. To the maximum extent possible, these findings incorporate by reference the findings set forth in article 1 of the OPV Ordinance and article 1 of the Amended OPV Ordinance.

ARTICLE 2. RESCISSION OF SECTIONS 6.5 AND 6.6 OF ARTICLE 6

Sections 6.5 and 6.6 of Article 6 of the Amended OPV Ordinance are hereby rescinded in their entireties.

ARTICLE 3. SEVERABILITY

Should any provision, section, subsection, paragraph, sentence or word of this ordinance be rendered or declared invalid by any final court action in a court of competent jurisdiction or by reason of any preemptive legislation, the remaining, provisions, sections, subsections, paragraphs, sentences or words of this ordinance as hereby adopted shall remain in full force and effect.

ARTICLE 4. EFFECTIVE DATE; OPERATIVE DATE

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

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PASSED AND ADOPTED this 22th day of October, 2025, by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

Chair, Fox Canyon Groundwater
Management Agency Board of Directors

ATTEST:

By: _____
Clerk of the Board

Amendment of the OPV Allocation Ordinance

Item No. 14 – October 22, 2025



Jason Canger
Assistant Agency Counsel

Background & Procedural History

- In October 2019, FCGMA adopted the OPV Allocation Ordinance
- The purpose of the OPV Allocation Ordinance was to:
 - Establish new extraction allocations for the OPV Basins
 - Transition FCGMA's then-current groundwater management programs to sustainable groundwater management programs under the Sustainable Groundwater Management Act
 - Provide for the reduction of allocations in the event the sustainable yield of the OPV Basins is less than total extractions under the ordinance
- In December 2019, the City of Oxnard (City) challenged the adoption of the Ordinance as a violation of, among other things, FCGMA Act section 702 (Section 702)

Background & Procedural History

- Section 702 states: “The availability of supplemental water to any operator shall not subject that operator to regulations more restrictive than those imposed on other operators.”
- The City alleged two programs of the Ordinance – the Conejo Creek Program and the Santa Clara River Flex Program – violated Section 702
 - The City alleged the preferential allocation adjustment afforded to Pleasant Valley County Water District (Pleasant Valley) under the Conejo Creek Program was not similarly afforded to the City and other users that receive water from Calleguas Municipal Water District (Calleguas) despite their access to Calleguas water supplies
 - The City also alleged the preferential allocation flexibility afforded to United Water Conservation District (United) and Pleasant Valley under the Santa Clara River Flex Program was not similarly afforded to the City despite the City’s access to water supplies from Calleguas

Background & Procedural History

- Section 702 provides: “The availability of supplemental water to any operator shall not subject that operator to regulations more restrictive than those imposed on other operators.”
- The City alleged two programs of the Ordinance – the Conejo Creek Program and the Santa Clara River Flex Program – violated Section 702
 - The City alleged the preferential allocation adjustment afforded to Pleasant Valley County Water District (Pleasant Valley) under the Conejo Creek Program was not similarly afforded to the City despite the City’s access to water supplies from Calleguas Municipal Water District (Calleguas), and thus violated Section 702
 - The City also alleged the preferential allocation flexibility and guaranteed minimum allocation afforded to United Water Conservation District (United) and Pleasant Valley under the Santa Clara River Flex Program was not similarly afforded to the City and other Calluguas customers, and therefore violated Section 702

Background & Procedural History

- In August 2023, the Los Angeles Superior Court found that the Conejo Creek Program and the Santa Clara River Flex Program violated Section 702
 - The Court ordered FCGMA to amend the Ordinance to cure the Section 702 violation or rescind the Conejo Creek Program and the Santa Clara River Flex Program to avoid the Section 702 violation
 - FCGMA decided not to appeal and, instead, work with the City to try to find an amendment that would resolve the dispute
 - The parties were unable to resolve the dispute
- In March 2024, your Board adopted an Amended OPV Allocation Ordinance to comply with the Court's order
 - FCGMA amendments created new programs, similar those afforded to United and Pleasant Valley, available to other operators that demonstrated conjunctive use or in-lieu use similar to the Conejo Creek Program and Santa Clara River Flex Program

Background & Procedural History

- The City opposed FCGMA's adoption of the Amended OPV Allocation Ordinance
 - The City moved to compel compliance with Court's original order, claiming that the Amended OPV Allocation Ordinance still violated Section 702
- In September 2024, the Court ruled that the Amended OPV Allocation Ordinance cured the Section 702 issues associated with the Conejo Creek Program, but continued to violate Section 702 with respect to the Santa Clara River Flex Program
 - The Court found that amended ordinance continued to violate Section 702 because the new Calleguas Flex Program did not include a guaranteed minimum allocation for Calleguas users like the Santa Clara River Flex Program afforded to United and Pleasant Valley

Background & Procedural History

- The Court ordered FCGMA to amend or rescind the guaranteed minimum allocation provision, or amend or rescind the Santa Clara River Flex Program and the Calleguas Flex Program, to comply with Section 702
- The Court also awarded the City attorney's fees and costs
- Following the September 2024 order, the City appealed to challenge the Court's conclusion that the Amended OPV Allocation Ordinance, specifically the new "adjusted allocation program" designed to mirror the Conejo Creek Program, cured the Section 702 violation
- FCGMA also appealed to challenge the Court's conclusion that the Amended OPV Allocation Ordinance, specifically the guaranteed minimum allocation available under the Santa Clara River Flex Program but not the Calleguas Flex Program, continued to violate Section 702
 - FCGMA also challenged the Court's award of fees/costs

FCGMA Appeal

- Since filing notice of its appeal, FCGMA has decided not to pursue its appeal of the Court's decision that the inclusion of a guaranteed minimum allocation in the Santa Clara River Flex (but not the Calleguas Flex Program) violates Section 702
 - FCGMA will continue to defend the Court's decision on the Conejo Creek Program and to challenge the award of attorney's fees and costs
- Instead, FCGMA has decided to comply with the Court's September 2024 order by adopting the proposed Further Amended OPV Allocation Ordinance

Proposed Ordinance

- The proposed Further Amended OPV Allocation Ordinance would remove, in their entirety, the Santa Clara River Flex Program and the Calleguas Flex Program
 - In so doing, the proposed ordinance (i) deletes both programs, including the guaranteed minimum allocation of the Santa Clara River Flex Program that is not included in the Calleguas Flex Program; and (ii) thereby attempts to resolve this Section 702 violation directly by taking the affirmative step of eliminating the programs that the Court found to result in a violation of Section 702
- The proposed Further Amended OPV Allocation Ordinance supports FCGMA's position on appeal
 - By removing the flex programs, the proposed ordinance removes the offending programs and strengthens FCGMA's claim to the Court of Appeals that FCGMA will not defend the Santa Clara River Flex Program and its guaranteed minimum allocation, but instead will comply with the Court's September 2024 order

Recommendations

- Receive and file this board letter and presentation
- Adopt the proposed Further Amended OPV Allocation Ordinance
 - i.e., “An Ordinance Amending Article 6 of An Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins”
- Find that adoption of the proposed Further Amended OPV Ordinance is exempt from the California Environmental Quality Act (CEQA) and direct staff to prepare and file a notice of exemption

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QUESTIONS

ITEM 14 - REMOVED BY BOARD ACTION DURING MEETING
HANDOUT - ITEM 14, EXHIBIT 14B

**CURRENT VERSION OF ARTICLE 6 OF THE OPV ALLOCATION
ORDINANCE**

NOTE: This version of Article 6 represents the most recent changes made to the ordinance by "An Ordinance Amending Articles 4 and 6 and Rescinding Section 10.2 of An Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins," adopted March 27, 2024. The redline, strike-through changes noted below would result from adoption of the proposed Further Amended OPV Ordinance.

Article 6. Initial Allocations

- 6.1. Until such time as the reductions described in article 10 are implemented and except as otherwise provided in this article, an operator's extraction allocation shall be the base-period extraction as reported to the Agency pursuant to chapter 2 of the Agency Ordinance Code. The extraction allocation established under this section 6.1 is called "base-period allocation."
- 6.2. In recognition of the use of surface water from the Conejo Creek Project and the corresponding reduction in total agricultural extractions within Pleasant Valley's service area during the base period, Pleasant Valley's base-period allocation shall be increased in an amount equal to base-period Conejo Creek water deliveries, subject to the adjustment described in subsection 6.2.1.
- 6.2.1. Pleasant Valley shall include in the Semi-Annual Extraction Statement required under section 2.3 of the Agency Ordinance Code a report on the use of Conejo Creek water during the reporting year. In each year in which Pleasant Valley receives Conejo Creek water deliveries, Pleasant Valley must accept for delivery and use Conejo Creek Water Deliveries up to the average amount of Base-Period Conejo Creek Deliveries. Pleasant Valley's base-period allocation for that year shall be reduced in an amount equal to the Conejo Creek water deliveries during the year.
- 6.2.2. The Board may transfer a portion of the allocation established under section 6.2 from Pleasant Valley to an operator of an extraction facility located within Pleasant Valley's service area upon a showing that the operator reduced extractions during the base period as a result of taking deliveries from Pleasant Valley. The transfer will avoid a windfall allocation that may otherwise result under subsection 6.2.1 of this ordinance and shall be subject to the procedures set forth in subsection 5.3.9 of the Agency Ordinance Code.
- 6.3. In recognition of the benefits to the Basins resulting from an Operator's coordinated use of groundwater and surface water during the Base Period, an operator's base-period allocation may be increased by (i) the average annual amount that the operator reduced its groundwater extraction below its allocation effective during the Base Period due to its coordinated use of surface water or (ii) the average annual amount that the operator reduced its groundwater

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extraction below its allocation effective during the Basin Period due to a transfer of such allocation from a Management Area to a location outside a Management Area. The increased extraction allocation established under this section 6.3 is called "Adjusted Allocation."

- 6.3.1. In any year, an operator with an Adjusted Allocation must accept for delivery and use surface water made available by the underlying coordinated use program, up to the average amount of surface water used by the operator during the Base Period, to reduce its groundwater extractions below its allocation effective during Base Period or transfer its allocation effective during the Base Period from a Management Area to a location outside a Management Area.
- 6.3.2. An operator's Adjusted Allocation shall be reduced by an amount equal to the amount of surface water that it received during any year.
- 6.3.3. In order to obtain an Adjusted Allocation, an operator must submit a written request to the Agency with documentation, analyses, and/or other materials that demonstrate the operator's coordinated use of surface water during the Base Period either (i) reduced groundwater extractions below its allocation effective during the Base Period (including amounts) or (ii) resulted in a transfer of its allocation effective during the Basin Period from a Management Area to a location outside a Management Area (including amounts). Adjusted Allocations will be established only with the Agency's written approval, which will include the amount of the Adjusted Allocation.
- 6.3.4. An operator using an Adjusted Allocation shall include in the Semi-Annual Extraction Statement required by chapter 2 of the Agency Ordinance Code a report that includes, at a minimum, the amount of surface water made available by the underlying coordinated use program and the amount of surface water accepted and used by the operator from the coordinated use program during the reporting year.
- 6.4. The Agency may request additional documentation from Pleasant Valley and operators with Adjusted Allocations to confirm continued coordinated use of groundwater and surface water and for periodic review pursuant to article 3.
- ~~6.5. **Santa Clara River Water Flex Allocation Program.** In order to encourage the coordinated use of groundwater from the Basins and surface water supplies from the Santa Clara River while eliminating overdraft and maintaining the sustainability goals established under SCMA, Pleasant Valley and United may increase groundwater use in years when these surface water supplies are less than normal, provided that a corresponding reduction in extractions occurs in years when surface water supplies from the Santa Clara River are more abundant. The coordinated use of these water supplies shall be implemented through adjustments to the extraction allocation as provided in this section. This extraction allocation flexibility is called "Santa Clara River Water Flex Allocation."~~
 - ~~6.5.1. In any year in which the volume of surface water available for PV deliveries is less than base period PV deliveries, Pleasant Valley's base period allocation for that year shall be increased in an amount equal to the shortfall in available PV deliveries. The extraction allocation available under this subsection shall be subject to any allocation reductions implemented in accordance with article 10 of this ordinance.~~

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- ~~6.5.2. In any year in which the volume of surface water available for PV deliveries exceeds base period PV deliveries, Pleasant Valley's base period allocation for that year shall be reduced by the amount of excess available PV deliveries. In order to provide a minimum extraction allocation during periods when PV deliveries are not available, Pleasant Valley's allocation shall not be reduced below 50 percent of Pleasant Valley's base period extraction. The minimum extraction allocation available under this subsection shall not be eligible for carryover under article 8 of this ordinance.~~
- ~~6.5.3. Surface water shall be deemed available for PV deliveries as demonstrated in an annual report to be submitted by United pursuant to subsection 6.2.1.8. In any year in which Pleasant Valley does not make full use of the surface water available for PV deliveries, Pleasant Valley's base period allocation for that year shall be reduced by the amount of available surface water not taken by Pleasant Valley.~~
- ~~6.5.4. In any year in which the volume of surface water available for PTP deliveries is less than base period PTP deliveries, United's base period allocation for that year shall be increased in an amount equal to the shortfall in available PTP deliveries. The extraction allocation available under this subsection shall be subject to any allocation reductions implemented in accordance with article 10 of this ordinance.~~
- ~~6.5.5. In any year in which the volume of surface water available for PTP deliveries exceeds base period PTP deliveries, United's base period allocation for that year shall be reduced by the amount of excess available PTP deliveries. In order to provide a minimum extraction allocation during periods when PTP deliveries are not available, United's allocation shall not be reduced below 50 percent of United's base period extraction. The minimum extraction allocation available under this subsection shall not be eligible for carryover under article 8 of this ordinance.~~
- ~~6.5.6. Surface water shall be deemed available for PTP deliveries as demonstrated in an annual report to be submitted by United pursuant to subsection 6.2.1.8. In any year in which United does not make full use of the surface water available for PTP deliveries, United's base period allocation for that year shall be reduced by the amount of available surface water not used by United.~~
- ~~6.5.7. To provide Pleasant Valley and United with the operational flexibility to respond to annual variations in the availability of Santa Clara River water, any surcharge for excess extractions that would otherwise be assessed annually shall be determined at the end of each five-year period following the operative date of this ordinance. Surcharges for any excess extractions shall be assessed as provided in sections 6.3 and 6.4.~~
- ~~6.5.8. United shall submit an annual report on its diversion of Santa Clara River water during the preceding water year. The report shall state the total volume of river diversions, the total volume of surface water made available for PTP deliveries and PV deliveries and the total volume put to other uses. The report shall state these volumes in acre-feet, supported by meter readings, and include such other information determined by the Executive Officer to be reasonably necessary to carry out the intent of this article.~~

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- ~~6.5.9. Pleasant Valley and United shall include in the Semi Annual Extraction Statement required under section 2.3 of the Agency Ordinance Code a report on the use of Santa Clara River water and the resulting Santa Clara River Water Flex Allocation for the reporting year.~~
- ~~6.5.10. Pleasant Valley shall be subject to surcharges on extractions in excess of cumulative base period allocations, as adjusted in accordance with this article, during the preceding five year period. If excess extractions occur, Pleasant Valley shall be deemed to have exceeded the extraction allocation in each of the preceding five years. A surcharge assessed under this section shall be due and payable within 30 days of issuance of a notice of imposition of surcharges.~~
- ~~6.5.11. United shall be subject to surcharges on extractions in excess of cumulative base period allocations, as adjusted in accordance with this article, during the preceding five year period. If excess extractions occur, United shall be deemed to have exceeded the extraction allocation in each of the preceding five years. A surcharge assessed under this section shall be due and payable within 30 days of issuance of a notice of imposition of surcharges.~~
- ~~6.6. Calleguas Water Flex Allocation Program. In order to encourage the coordinated use of groundwater from the Basins and water supplies from Calleguas Municipal Water District to address overdraft conditions and maintain the sustainability goals established under SGMA, a Calleguas Operator may increase groundwater use in years when the amount of Calleguas water is less than normal, provided that a corresponding reduction in extractions occurs in years when Calleguas water supplies are greater than normal. The coordinated use of Calleguas water supplies shall be implemented through adjustments to extraction allocations as provided in this section. This extraction allocation flexibility is called "Calleguas Water Flex Allocation."~~
- ~~6.6.1. In any year in which the volume of Calleguas water available for delivery to a Calleguas Operator is less than Base Period Calleguas Deliveries to that operator, the Calleguas Operator's extraction allocation for that year shall be increased in an amount equal to the shortfall in available Calleguas deliveries to that operator. The extraction allocation available under this subsection shall not be eligible for carryover under article 8 of this ordinance but shall be subject to any allocation reductions implemented in accordance with article 10 of this ordinance.~~
- ~~6.6.2. In any year in which the volume of Calleguas water available for delivery to a Calleguas Operator exceeds Base Period Calleguas Deliveries to that operator, the Calleguas Operator's base period allocation for that year shall be reduced by the amount of excess available Calleguas deliveries to that operator.~~
- ~~6.6.3. In any year in which a Calleguas Operator does not make full use of the Calleguas water made available to it by Calleguas, the Calleguas Operator's extraction allocation for that year shall be reduced by the amount of Calleguas water made available by Calleguas but not taken by the Calleguas Operator.~~
- ~~6.6.4. To provide Calleguas Operators with the operational flexibility to respond to annual variations in the availability of Calleguas water, any surcharge for excess extractions~~

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~~that would otherwise be assessed annually shall be determined at the end of each five-year period following the operative date of this ordinance. Surcharges for any excess extractions shall be assessed as provided in section 6.6.6.~~

~~6.6.5. Each Calleguas Operator exercising a Calleguas Water Flex Allocation shall submit an annual report on its Calleguas water deliveries during the preceding water year. The report shall be included in the Calleguas Operator's Semi Annual Extraction Statement required under section 2.3 of the Agency Ordinance Code and state the total volume of Calleguas water delivered to the Calleguas Operator and the total volume of Calleguas water made available to the Calleguas Operator for delivery by Calleguas. The report shall state these volumes in acre feet, supported by meter readings, and include such other information determined by the Executive Officer to be reasonably necessary to carry out the intent of this article.~~

~~6.6.6. Operators exercising Calleguas Water Flex Allocations shall be subject to surcharges on extractions in excess of cumulative base period allocations, as adjusted in accordance with this article, during the preceding five year period. If excess extractions occur, Calleguas Operators shall be deemed to have exceeded the extraction allocation in each of the preceding five years. A surcharge assessed under this section shall be due and payable within 30 days of issuance of a notice of imposition of surcharges.~~

DIRECTORS

Peter W. Hansen
Michael Brucker
Thomas P. Vujovich, Jr.
John S. Broome
John D. Menne



PLEASANT VALLEY COUNTY WATER DISTRICT

PIONEER IN FOX CANYON AQUIFER CONSERVATION
SERVING AGRICULTURE SINCE 1956

154 S. LAS POSAS ROAD, CAMARILLO, CA 93010-8570
Phone: 805-482-2119

STAFF

Jared L. Bouchard
General Manager

General Counsel
Arnold, Bleuel,
LaRoche, LaRoche,
Mathews & Zirbel,
LLP

October 22, 2025

Via email to FCGMA@venturacounty.gov

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

Re: Opposition to October 22, 2025, Item No. 14 – Proposed Ordinance to Further Amend the OPV Allocation Ordinance

Dear Chair West and Members of the Board:

Pleasant Valley County Water District (PVCWD) respectfully submits this letter in opposition to the proposed ordinance agendized as Item 14 on the October 22, 2025, Board of Directors agenda, which would amend Section 6 of the Fox Canyon Groundwater Management Agency (“FCGMA”) Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins (“OPV Ordinance”). As proposed, the wholesale deletion of the Santa Clara River Flex Allocation Program is (1) unnecessary to respond to the September 30, 2024 order of the Los Angeles County Superior Court in the case *City of Oxnard v. Fox Canyon Groundwater Management Agency* (Case No. 20STCP00929); (2) contrary to the intent of FCGMA’s enabling act at Section 702; (3) penalizes water users who have made significant investments in surface water supplies; (4) is contrary to the aims of the Sustainable Groundwater Management Act (SGMA) to achieve sustainability; and (5) necessitates further review under the California Environmental Quality Act (CEQA) given the possible impacts on water availability for agricultural users in the Oxnard Subbasin and Pleasant Valley Basin (“OPV Basins”).

1. The Proposed Action Is Unnecessary to Comply with the Court’s Order

The September 30, 2024 Order issued by the Los Angeles County Superior Court in *City of Oxnard v. FCGMA* did not require the elimination of the Santa Clara River Flex Allocation Program. The Court offered multiple pathways to cure what it viewed as a Section 702 violation, including extending the 50% allocation reduction limit to all operators or developing a neutral framework that avoids preferential treatment. The Agency’s decision to delete both the Santa Clara River and the Calleguas Creek Flex Allocation Programs is not mandated by the Court—it is a discretionary policy choice. The effect of that discretionary policy choice will be to penalize PVCWD for its investments in supplemental surface water supply, by putting PVCWD’s pumping allocation at risk—functioning as a *punishment* for reducing reliance on the OPV Basins in lieu of surface water deliveries. PVCWD urges the Board to pursue a less punitive and more balanced approach to compliance with the Court’s directives in the *City of Oxnard v. FCGMA* case.

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HANDOUT - ITEM 14 - COMMENT LETTER FROM PVCWD 10/22/2025

2. The Proposed Action Is Inconsistent with the Spirit of Section 702

Section 702 of the FCGMA Act prohibits the Agency from imposing more restrictive regulations on operators who have access to supplemental water. By eliminating the Santa Clara River Flex Allocation Program, the proposed ordinance removes protection for operators who rely on supplemental surface water, while preserving allocation stability for groundwater-only users. This creates a regulatory disparity that is inconsistent with the statutory mandate of Section 702, tipping the scales *against* operators who rely on supplemental surface water that is inherently more variable than groundwater due to its responsiveness to precipitation patterns, seasonal changes (wet vs dry season), extreme weather events (droughts and floods, as well as human activities such as upstream conservation and dam operation) This is the exact opposite of what the plain language of Section 702 requires.

3. The Proposed Action Penalizes Investment in Surface Water Infrastructure

PVCWD and its constituents have invested tens of millions of dollars in infrastructure to support the use of supplemental surface water, including deliveries from the Santa Clara River and Conejo Creek. By way of illustration, PVCWD received an average of 4974 acre-feet per year (AFY) from Conejo Creek over the 2005- 2014 OPV Allocation Ordinance base period, and an average of over 9420 AFY from United Water Conservation District deliveries of Santa Clara River water over that same period, representing 68% of all water currently allocated to PVCWD. These investments have reduced groundwater pumping on the OPV Basins and advanced regional sustainability. Eliminating the Flex Programs penalizes these responsible actions and discourages future investment in conjunctive use strategies.

4. The Proposed Action Undermines SGMA Goals

The Sustainable Groundwater Management Act (SGMA) encourages coordinated use of surface and groundwater resources to achieve long-term sustainability. The Santa Clara River Flex Allocation Program embodies this principle by allowing operators to adjust groundwater allocations based on surface water availability. Its removal undermines SGMA's objectives and increases the risk of unsustainable groundwater reliance during dry years.

5. The Proposed Action Requires CEQA Review

The deletion of the Santa Clara River Flex Allocation Program may result in increased groundwater pumping and reduced water availability for agricultural users in the OPV Basins. These potential environmental impacts necessitate review under the California Environmental Quality Act (CEQA).

PVCWD remains committed to working collaboratively with the FCGMA and other stakeholders to develop a fair, legally sound, and SGMA-compliant allocation framework. We respectfully request that the Board reject the proposed ordinance under Item 14 and convene a stakeholder process to fully explore the pathway forward.

Sincerely,



Jared Bouchard
PVCWD General Manager

ITEM 14 - REMOVED BY BOARD ACTION DURING MEETING

ATKINSON, ANDELSON, LOYA, RUUD & ROMO

FRESNO
(559) 225-6700

IRVINE
(949) 453-4260

MARIN
(628) 234-6200

PASADENA
(626) 583-8600

DBoyer@aalrr.com
(562) 653-3426

A PROFESSIONAL LAW CORPORATION

ATTORNEYS AT LAW

12800 CENTER COURT DRIVE SOUTH, SUITE 300
CERRITOS, CALIFORNIA 90703-9364
(562) 653-3200 • (714) 826-5480

FAX (562) 653-3333
WWW.AALRR.COM

PLEASANTON
(925) 227-9200

RIVERSIDE
(951) 683-1122

SACRAMENTO
(916) 923-1200

SAN DIEGO
(858) 485-9526

WESTLAKE VILLAGE
(805) 446-4141

October 22, 2025

John Demers
Executive Officer
Fox Canyon Groundwater Management Agency
800 South Victoria Avenue
Ventura, CA 93009-1600
fcgma@venturacounty.gov

Re: Fox Canyon Groundwater Management Agency Proposed Board Action – Agenda Item 14

Dear Fox Canyon Groundwater Management Agency Board Members and Mr. Demers:

I write to you on behalf of United Water Conservation District (United) as its general counsel concerning Agenda Item 14, on Fox Canyon Groundwater Manage Agency's (FCGMA) October 22, 2025, Regular Meeting Agenda, which recommends that the Board amend its allocation ordinance to eliminate the Santa Clara River Flex Program (Flex Program). The Flex Program is the largest conjunctive use program in Ventura County and one of the largest in the State. Nevertheless, United only learned of this proposed action on Monday when FCGMA posted its agenda. There was no other notice of this action provided, no other stakeholder outreach by FCGMA and no conversation in advance of this action with United staff or its elected officials. To take such action after only the most minimal notice to those impacted would be egregious.

United finds FCGMA's proposed consideration of such action even more outrageous after discovering that the City of Oxnard (Oxnard) is willing to extend the time for FCGMA to take action to comply with the September 30th Order in *City of Oxnard v. Fox Canyon Groundwater Management Agency* (LASC Case No. 20STCP00929) (Court Order), and that FCGMA has rejected that offer. In other words, there is no rush for FCGMA to make this determination. Rather, it has the time to genuinely study the true negative environmental impacts that may result from this proposed action, and to meet with stakeholders, such as Oxnard, Pleasant Valley, and United, to reach a consensus approach.

As United's staff will explain at the hearing scheduled for Wednesday, elimination of the Flex Program puts at risk thousands of acre-feet per year of Santa Clara surface water that has been used conjunctively (i.e., via surface water delivered in lieu of pumping) under this program to significantly benefit groundwater conditions in the Oxnard and Pleasant Valley Basins (OPV Basins). Contrary to the claims in FCGMA counsel's report, this action will impede and delay the

ATKINSON, ANDELSON, LOYA, RUUD & ROMO

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OPV Basins in reaching sustainability. The action is, in fact, the very opposite of supporting sustainability. It is an action guaranteed to aggravate overdraft in both basins.

Moreover, the action is contrary to the assumptions in the GSPs for each basin, which rely heavily upon conjunctive use to reach sustainability as required under SGMA. It will prevent FCGMA from veraciously reporting progress toward sustainability in its annual reports required under SGMA. In light of the GSPs for both basins under challenge in *OPV Coalition v. Fox Canyon Groundwater Management Agency* (Santa Barbara County Superior Court Case No. VENCI00555357), the proposed action is nothing less than stupefying. It will effectively render the challenged GSPs invalid. That is disappointing to United, which has spent millions of dollars defending the validity of those GSPs.

The report from FCGMA's counsel also seems to suggest that eliminating the Flex Program is the only means by which FCGMA can comply with the Court Order. Yet, nowhere in that Court Order does the Court require FCGMA to eliminate the Flex Program. Any such suggestion is accordingly incorrect. Rather, the Court states in the conclusion section of the Court Order:

“The Agency shall (1) eliminate the favorable 50% allocation reduction limit given to Pleasant Valley and United, (2) provide a 50% allocation reduction limit for all operators, or (3) otherwise develop a base period allocation reduction for excess surface water deliveries that does not provide favorable or more restrictive treatment to any operator as compared to any other operator.”

None of these are proposed. Instead, the proposal is to burden United, its pumpers, and the OPV Basins by eliminating the Flex Program –something the Court never mentions.

Perhaps most appalling in FCGMA counsel's report is the claim that the proposed action is exempt under the California Environmental Quality Act (CEQA). Below I address each of these inaccurately claimed exemptions. As a threshold matter however, it is important that you understand that the environmental baseline under CEQA must reflect conditions as they currently exist. (See e.g., *Buena Vista Water Storage Dist. V. Kern Water Bank Auth.* (2022) 76 Cal.App.5th 576, 592; *Cherry Valley Pass Acres & Neighbors v. City of Beaumont* (2010) 190 Cal.App.4th 316.) In other words, the current environmental condition is with the Flex Program. To analyze the environmental impacts of the proposed action, FCGMA must study all environmental consequences that may result by eliminating the Flex Program. (*Communities for a Better Environment v. South Coast Air Quality Management Dist.* (2010) 48 Cal.4th 310, 336.) Those environmental consequences have been repeatedly described in correspondences and reports from United staff and will again be described by United staff at the October 22 Board meeting.

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No CEQA Exemption under Water Code Section 10728.6 Applies

Water Code section 10728.6 provides a specific, limited exemption only for the preparation and adoption of GSPs themselves. The statute explicitly states: “Nothing in this part shall be interpreted as exempting from [CEQA] a project that would implement actions taken pursuant to a plan adopted pursuant to this chapter”.

Therefore, any physical projects, new ordinances, or management actions that a GSA undertakes to achieve the goals of the GSP (such as constructing new recharge facilities, imposing new regulations on groundwater extraction, etc.) must undergo the appropriate CEQA review. GSAs are expected to satisfy their applicable CEQA obligations for these implementation activities.

Here, FCGMA is proposing to adopt and impose a revised allocation ordinance, eliminating a critical sustainability program set forth in the original ordinance. Its proposed action does not involve the preparation or adoption of a GSP. Instead, it calls for imposing new regulations on groundwater extractions taken purportedly to implement the GSP.

No CEQA Exemption under CEQA Guidelines Section 15061, subd. (b)(3) [Common Sense Exemption]

The CEQA Guidelines include a “common sense exemption” specifying that CEQA applies only to projects that have the potential for causing a significant effect on the environment. (14 Cal Code Regs §15061(b)(3).) This provision is commonly known as the “common sense exemption” in CEQA practice and in case law construing this provision. (*See Muzzy Ranch Co. v Solano County Airport Land Use Comm’n* (2007) 41 Cal4th 372 [*Muzzy Ranch*]). Under this exemption, a lead agency may find a project exempt from CEQA if “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” (14 Cal Code Regs §15061(b)(3).)

In making the required determination that there is no possibility that the activity in question may have a significant environmental effect, FCGMA must make a factual review of the record to determine whether the exemption applies. As the California Supreme Court stated in *Muzzy Ranch*: “whether a particular activity qualifies for the common sense exemption presents an issue of fact, and the agency invoking the exemption has the burden of demonstrating that it applies.” (41 Cal.4th at 386; see also *CREED-21 v City of San Diego* (2015) 234 CA4th 488, 510.)

In other words, the application of the common sense exemption must be supported by record evidence. (*Id.*) No such evidence, however, currently exists in the record.

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No CEQA Exemption Under CEQA Guidelines 15307 or 15308

It is asserted in FCGMA counsel's report that action by FCGMA eliminating the Flex Program is exempt under Sections 15307 and 15308 of the CEQA Guidelines "as an action by a regulatory agency to protect the environment and natural resources." Those sections require two key elements to be satisfied. First, the FCGMA must be acting as a regulatory agency with proper authority. Second, the FCGMA regulatory process itself must involve procedures for protection of the environment. This means that the regulatory framework must have environmental considerations built into its standard operating procedures, not merely environmental procedures that could be applied if FCGMA chose to do so. The concept element is like the certified regulatory program framework under Section 21080.5, which exempts certain state regulatory programs that provide environmental review functionally equivalent to CEQA. (*John R. Lawson Rock & Oil, Inc. v. State Air Resources Bd.*, (2018) 20 Cal.App.5th 77.)

Agencies seeking to apply either of these exemptions must demonstrate that their regulatory framework includes specific procedures for environmental protection, not merely general authority to consider environmental factors. (*Save the Plastic Bag Coalition v. City and County of San Francisco* (2013) 222 Cal.App.4th 863.) That has not been established by FCGMA with this proposed action.

Courts also require agencies to provide substantial evidence supporting their claimed exemption determinations. (*Banker's Hill, Hillcrest, Park West Community Preservation Group v. City of San Diego* (2006) 139 Cal.App.4th 249.) No substantial evidence has been provided here to support a claim of exemption under either statute.

The exemption cannot be used merely because an agency follows some environmental procedures; the regulatory action must actually assure the maintenance, restoration, or enhancement of natural resources through a regulatory process that inherently protects the inherently protects the environment. The Mountain Lion Foundation decision illustrates this principle by rejecting the argument that species delisting should be viewed as part of the overall California Endangered Species Act regulatory scheme that provides environmental protection. (*Mountain Lion Foundation v. Fish & Game Com.* (1997) 16 Cal.4th 105.) The Court held that delisting must be viewed as a separate action that removes protection, regardless of whether it occurs within a broader environmental regulatory framework. (*Id.*) Similarly here, elimination of the Flex Program would remove protection for United, its pumps and the OPV basins.

Again, because Oxnard is willing to give FCGMA an extension, there is no need to rush this decision and violate California law. United requests that the FCGMA Board table this action and spend time analyzing the environmental impacts of the elimination of the Flex Program before it takes any action. United is willing to meet with FCGMA to develop alternatives to this action. United truly hopes that your Board will avoid adopting an ordinance that will make it even more

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difficult to improve groundwater conditions and achieve the sustainability goals for the OPV Basins.

Sincerely,

ATKINSON, ANDELSON, LOYA, RUUD & ROMO



David D. Boyer

DDB:ams



Lynn E. Maulhardt, President

Catherine P. Keeling, Vice President

Gordon Kimball, Secretary/Treasurer

Keith Ford

Mohammed A. Hasan

Steve Huber

Rachel Jones

Technical Memorandum

Preliminary Evaluation of Sustainability Impact of the Santa Clara River Flex Allocation and Pumping Trough Pipeline

Date: October 22, 2025

From: United Water Conservation District Water Resources Department

To: John Demers, Executive Officer, Fox Canyon Groundwater Management Agency

Introduction:

Fox Canyon Groundwater Management Agency (FCGMA) has published an agenda for the regular board of directors meeting scheduled to occur October 22, 2025. Item 14 of the agenda consists of a public hearing to further amend the ordinance establishing a groundwater allocation system for Oxnard and Pleasant Valley Groundwater (OPV) Basins. FCGMA staff recommend that the Board of Directors rescind the Santa Clara River Flex (SCR Flex) Program that determines the allocation for wells operated by United Water Conservation District (United) and Pleasant Valley County Water District (PVCWD).

Removal of the SCR Flex program would make operation of United's Pumping Trough Pipeline (PTP) system unfeasible. The increase in pumping surcharges triggered by the removing SCR Flex will result in operators abandoning the PTP system and pursuing groundwater extraction. PTP has operated as a conjunctive use project for nearly 40 years, significantly offsetting pumping in the Upper Aquifer System (UAS) and thereby decreasing seawater intrusion that was first detected in the early 1940s on the Oxnard Plain. FCGMA's Groundwater Sustainability Plans (GSP) for the OPV basins assume continued operation of the PTP and PVCWD systems. Similarly, estimates of sustainable yield agreed to in Phase 1 of the ongoing OPV adjudication lawsuit were based on groundwater modeling simulations that assumed the continued operation of the PTP system.

Removing the flex allocation that allows PTP to operate represents a significant departure from the current and future planned operation of the basins, and will reduce the sustainable yield for both the Oxnard and Pleasant Valley Groundwater Basins. The impact to the PVCWD system is likely similar, however United staff were not able to simulate the results in the short time between the release of the FCGMA staff report (released October 17, 2025) and the public hearing October 22, 2025.

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Background:

The Pumping Trough Pipeline (PTP) was completed in 1986 to deliver surface water diverted from the Santa Clara River and groundwater pumped from deep wells to growers on about 5,250 acres in the Oxnard Plain and Pleasant Valley. The project was constructed to reduce agricultural pumping in the overdrafted Upper Aquifer System (UAS). Replacing UAS pumping with surface water and water produced from the Lower Aquifer System (LAS) was intended to reduce seawater intrusion in the UAS by reducing overdraft in the aquifer.

United diverts surface water from the Santa Clara River at the Freeman Diversion. The PTP system includes five wells screened in the LAS and approximately 25 miles of pipeline. Figure 1 below shows the surface water delivery systems supplied by United including the PTP system and Pleasant Valley County Water District's pipeline. The figure also shows FCGMA management areas serviced by these pipelines.

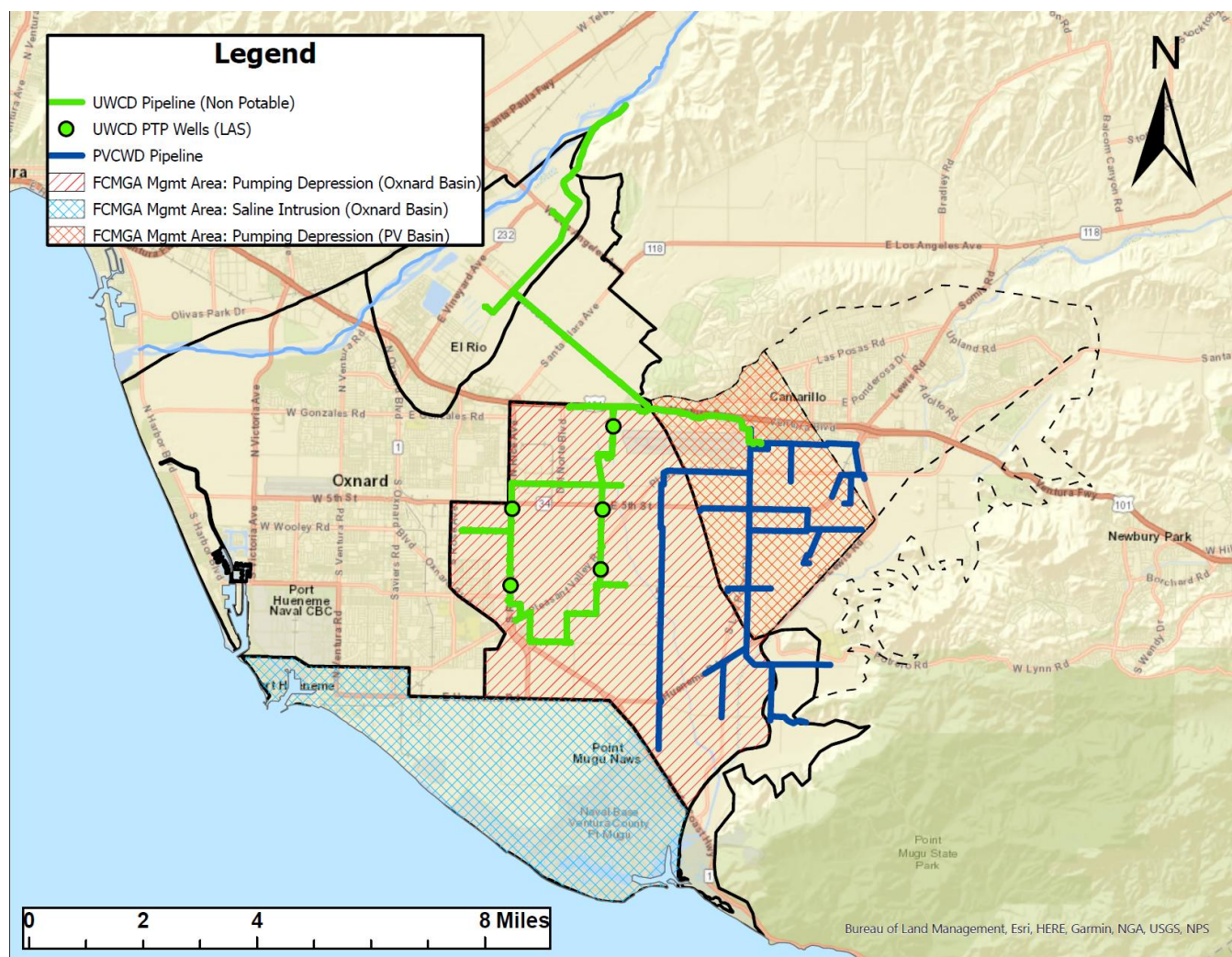


Figure 1 Pumping Trough Pipeline System pipeline and wells.

From water year 1987 to 2024, PTP has delivered approximately 165,500 acre-ft of surface water and 104,000 acre-ft of water produced from the LAS, offsetting 269,500 acre-ft of pumping from the UAS.

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On average, 4,354 acre-ft per year (AFY) surface water and 2,738 AFY LAS water were delivered. Typically, pumping from the LAS decreases when surface water is available, and increases when there is no surface water available to meet water demand.

The PTP is a gravity fed pipeline without booster stations, therefore the LAS wells are sometimes operated to maintain pressure in the pipeline. Wells are also occasionally operated to meet water quality needs and if there are maintenance requirements for the pipeline, pumps, and well screen.

Policies governing the original operation of the PTP were adopted in the 1987 “Fox Canyon Groundwater Management Agency Planning Study”. In 2007, FCGMA updated the groundwater management plan. In that update, the study authors stated:

*One of the most effective management strategies in reducing overdraft is to supply water directly to overdrafted areas. This in-lieu strategy has been **very effective in the Upper Aquifer System, where Santa Clara River water delivered through the Pumping Trough Pipeline has helped to alleviate the pumping trough that has been present for several decades beneath the south Oxnard Plain. (bold emphasis added)***

In 2019, FCGMA adopted an ordinance establishing an allocation system for the Oxnard and Pleasant Valley Groundwater Basins. That ordinance contained the SCR Flex program, which currently governs the operation of the PTP.

Review of SCR Flex Program Allocation:

Language in the SCR Flex Program was developed over the course of more than six months with FCGMA staff receiving public comments from United and other stakeholders. The attached letter from United Assistant General Manager to FCGMA groundwater manager, dated June 25, 2019, includes United’s review of potential impacts of proposed language in a draft ordinance. The current SCR Flex program includes several key components necessary for successful conjunctive use programs including (1) flexible allocation based on availability of in-lieu water, (2) ability to carry over unused allocation, and (3) an extended period to determine pumping exceedances.

Current SCR Flex Program**Flexible Allocation Based on Availability of In-Lieu Water**

Section 6.5.5 of the ordinance adopted by FCGMA board March 27, 2024 includes language that decreases the groundwater allocation for the PTP wells when there is surface water available.

In any year in which the volume of surface water available for PTP deliveries exceeds base period PTP deliveries, United's base-period allocation for that year shall be reduced by the amount of excess available PTP deliveries

Similarly, allocation to pump groundwater is increased when surface water is not available in Section 6.5.4.

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In any year in which the volume of surface water available for PTP deliveries is less than base-period PTP deliveries, United's base-period allocation for that year shall be increased in an amount equal to the shortfall in available PTP deliveries.

The reduction in pumping allocation encourages operators to utilize surface water when it is available. Without available groundwater during drought, operators on the PTP system face uncertain water supply, and will seek to establish alternative supplies of water.

Carryover of Unutilized Groundwater Allocation

Section 6.5.5 of the amended ordinance includes a minimum allocation, but indicates this minimum allocation is not available for carry-over. Any other unused allocation would be available for carry-over under Article 8 of the ordinance.

The ability to carryover unused adjusted allocation incentivizes efficient use of water during drought periods. Groundwater pumping allocation is increased when surface water is not available (Section 6.5.4). If operators decrease their water use during periods of drought, the unused allocation can be utilized to cover exceedance during periods when surface water supply is above the base period, but cannot meet demand. The figure below shows historical pumping of the PTP wells and the base-period allocation. Surface water deliveries resulted in almost 18,500 acre-ft of unutilized allocation. When surface water was not available, pumping exceeded base period allocation.

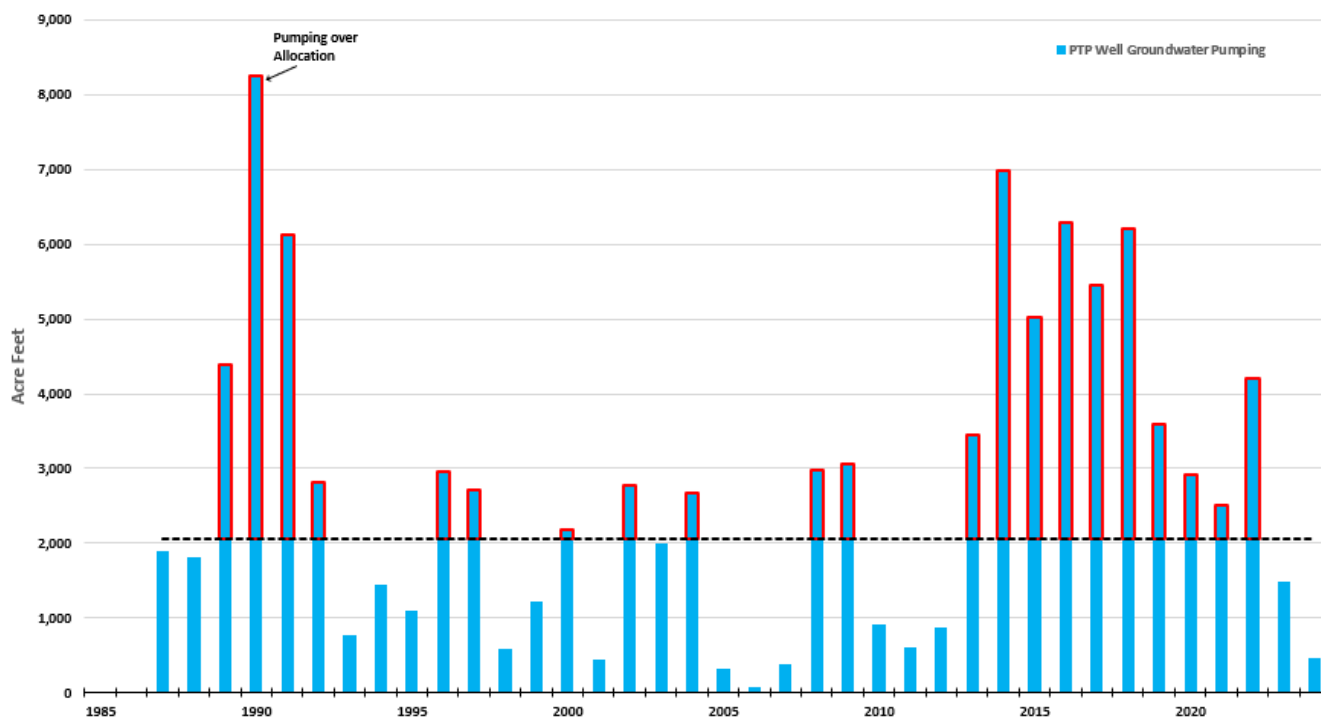


Figure 2 Applying the unadjusted base-period allocation to historical operation of the PTP system shows frequent significant, over-extraction.

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Extended Period to Determine Pumping Exceedances

Ordinance section 6.5.7 includes a five-year period to determine surcharges for excess pumping extractions. Surcharges would otherwise be assessed on an annual basis. This flexibility recognizes the variability in climatic conditions and encourages operators to utilize conjunctive use projects/in-lieu water. Assessment of exceedance over a 5 year period significantly reduces the estimated exceedance surcharges that would be applied to PTP historical pumping.

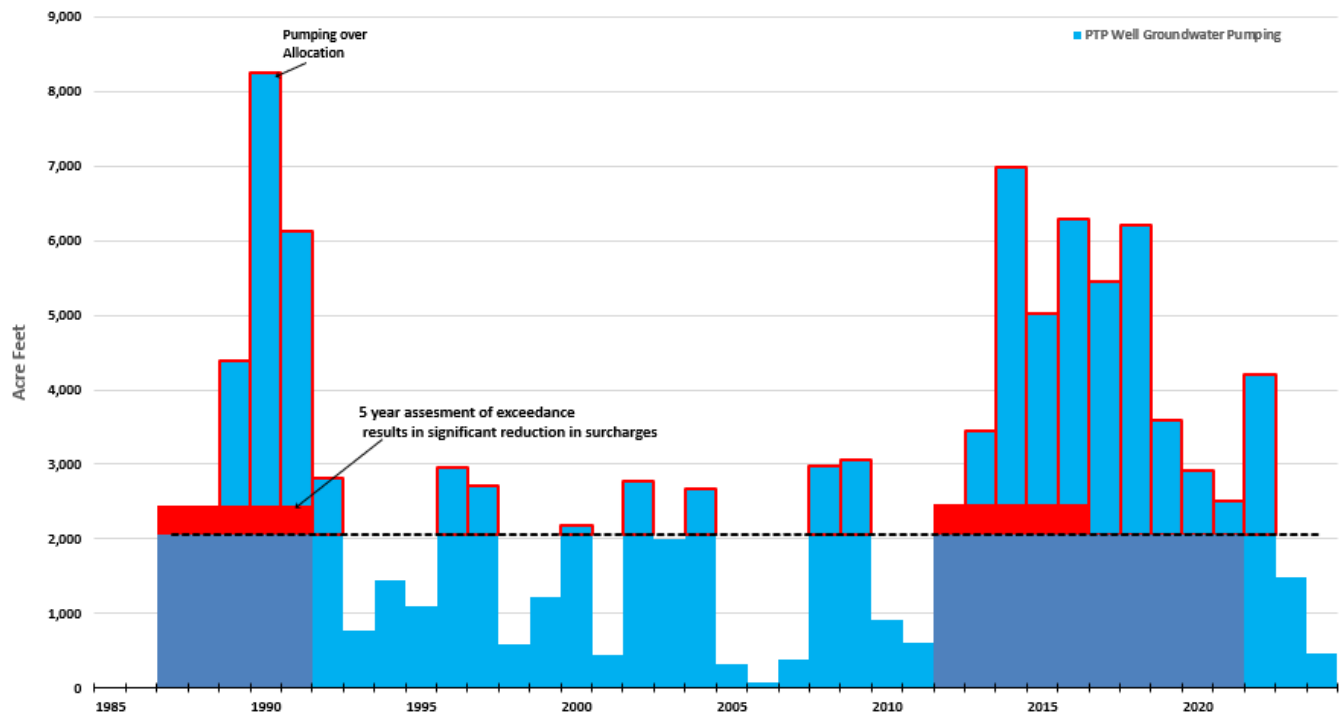


Figure 3 A Five-Year period to determine exceedances allows for the natural variability of in-lieu water. Exceedance surcharge fees would be substantially reduced.

Proposed Removal of SCR Flex Program

FCGMA staff propose rescission of the SCR Flex program in its entirety. This would eliminate climatic adjustments in allocation, reduce carryover, and require annual assessment of surcharges for pumping exceedances. Based on operational data from water year 1987 to 2024, PTP wells were pumped in excess of their 2,052 AFY base-period allocation in 21 out of 38 years. Based on FCGMA's current tiered surcharge fee structure, these exceedances would result in estimated penalties of more than ninety-two million dollars (\$92,000,000) in the period of record.

This increase in operating costs would not be economically sustainable for PTP users. Without a sufficient user base to maintain operations, the PTP system would no longer function as a conjunctive use project, potentially allowing overdraft and seawater intrusion to increase. Sustainable yield for the basins would be reduced.

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Sustainability Groundwater Modeling Scenarios:

United staff used the Coastal Plain Model (CPM24) to evaluate the impact of the PTP system, operated as a conjunctive use project, on groundwater conditions in the Oxnard subbasin. Both scenarios were run for the 1985-2022 simulation period. The historical conditions represent operations with the PTP system, where PTP system demands being met by surface water deliveries and groundwater pumping from United's PTP LAS wells (screened across the Hueneme and Fox Canyon [upper and basal] aquifers). The simulated "No PTP" scenario assumed no PTP pipeline and no PTP LAS wells, while historical deliveries to PVP were maintained. In the scenario, historical surface water deliveries were delivered to the El Rio recharge basins and the irrigation water demand for the PTP system was met by new pumping at 62 new simulated wells located at each of the PTP turnouts, screened across the Oxnard and Mugu aquifers (Figure 4). Pumping in the 62 new wells was proportionally distributed based on 2020-2024 turnout use.

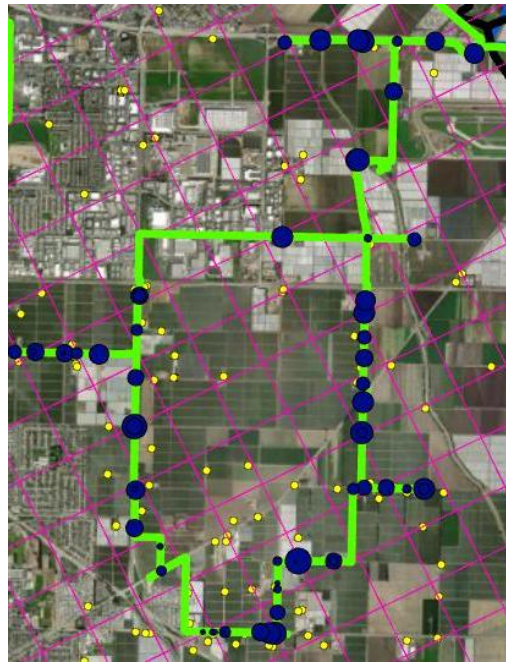


Figure 4. Location of 62 simulated new PTP wells for the PTP modeling scenario (blue circles). Relative pumping is indicated by the symbol size. The PTP system is indicated by the green lines, existing wells by yellow circles.

Table 1 shows the simulated recharge and pumping for the two scenarios. Compared to the No PTP scenario, the PTP scenario causes the following changes:

1. Shifts 4,174 acre-feet per year (AFY) of Forebay recharge to surface water deliveries to PTP;
2. Reduces Oxnard basin pumping by 4,174 AFY (because of surface water deliveries);
3. Increases Oxnard LAS pumping by 2,255 AFY (due to PTP LAS wells);
4. Reduces Oxnard UAS pumping by 6,409 AFY (due to reduced pumping by growers).

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Table 1. Summary of groundwater model simulation results comparing groundwater conditions for scenarios with PTP (historical) and No PTP (simulation period January 1, 1985 to September 30, 2022). All results are annual averages, in acre-feet per year. Positive fluxes indicate inland migration of the seawater intrusion front.

	No PTP	PTP(Historical)
Managed aquifer recharge by United in Forebay	48,622	44,448
Simulated pumping in Oxnard Subbasin and Pleasant Valley Basin basins (OPV)	101,912	97,759
OPV UAS pumping	63,645	57,236
OPV LAS pumping	38,268	40,523
Seawater intrusion flux Oxnard basin (500 mg/l chloride)	2,719	2,246
Seawater intrusion flux UAS	2,112	1,592
Seawater intrusion flux LAS	609	654

The impact of the PTP system on seawater intrusion was evaluated by comparing the fluxes across the 500 mg/l chloride isocontours surrounding the Point Mugu submarine canyon. The isocontours were determined in 2021 based on chloride concentrations measured in groundwater in 2019 and new solute transport modeling results (UWCD, 2021). The 500 mg/l chloride isocontours were also used in the first periodic evaluations of the Groundwater Sustainability Plan for the Oxnard subbasin to evaluate the extent of brackish water in the (sub)basins (Dudek, 2024). Fluxes for the UAS were calculated as the sum of simulated fluxes for Layers 3 and 5, fluxes for the LAS were calculated as the sum of simulated fluxes for Layers 9, 11 and 13. Layer 7 is not present at Point Mugu. The locations of the isocontours are shown in Figure 5 on the following page.

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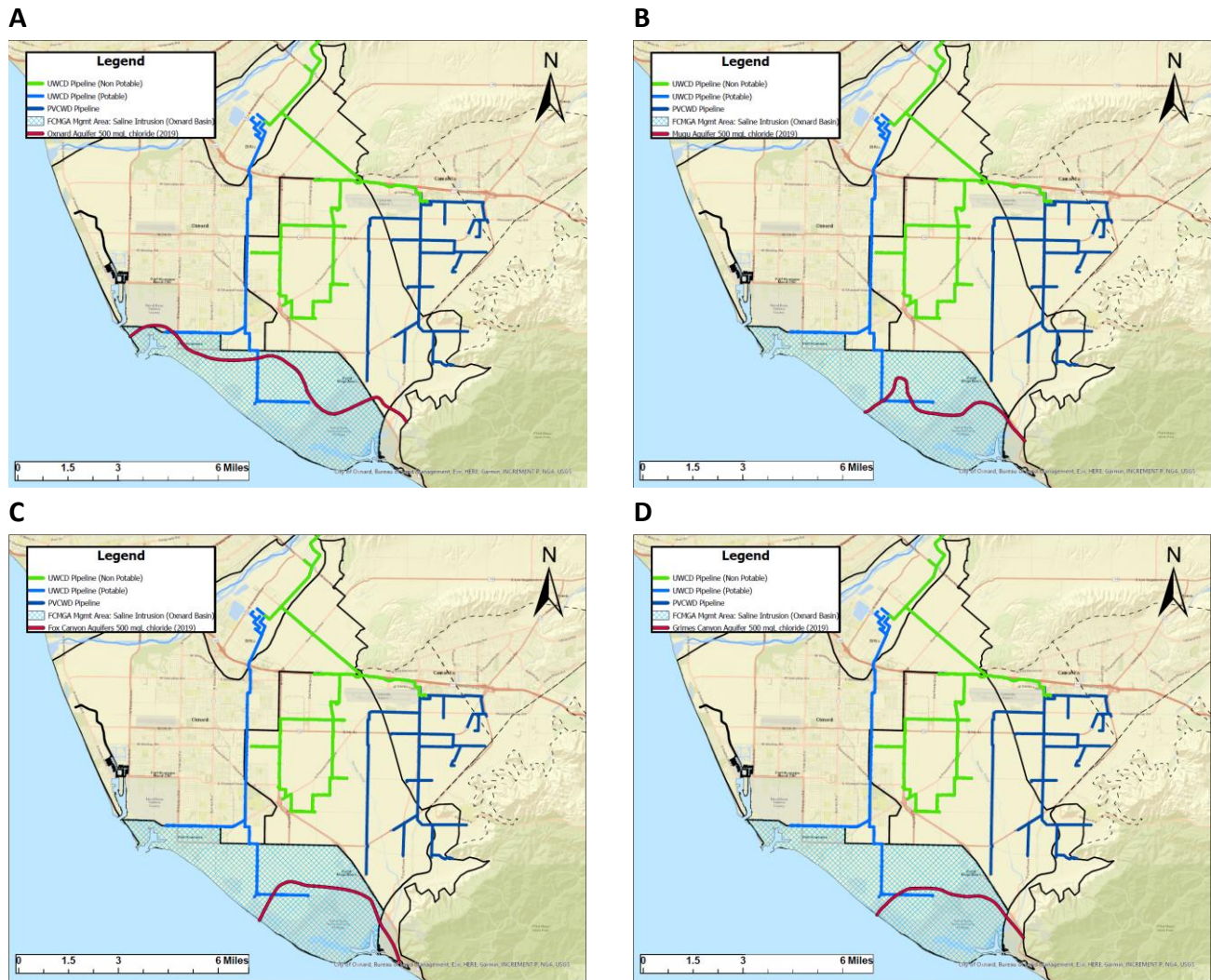


Figure 5. 500 mg/l chloride isocontours in the Oxnard subbasin. A: Layer 3 (Oxnard), B: Layer 5 (Mugu), C: Layer 9-11 (Fox Canyon), D: Layer 13 (Grimes).

Fluxes across the seawater intrusion front are summarized in Table 1. The scenario with the PTP system reduces seawater intrusion flux by 473 AFY (17%). When considering the UAS and LAS separately, the PTP system reduces seawater intrusion flux by 520 AFY (26%) in the UAS but increases the seawater intrusion flux by 45 AFY in the LAS.

The changes in simulated seawater intrusion fluxes demonstrate the substantial benefits of historical operations of the PTP system to reduce seawater intrusion in the UAS. The benefit of reducing seawater intrusion is not limited to customers of the PTP system, but benefits the entire Oxnard subbasin and Pleasant Valley basin. It is acknowledged that the PTP system causes some increase of the seawater intrusion in the LAS, as was anticipated when it was constructed, but the net benefits of the PTP system are strongly positive.

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FCGMA, 2024, An Ordinance Amending Articles 4 and 6 and rescinding Section 10.2 of An Ordinance to Establish An Allocation System For The Oxnard and Pleasant Valley Groundwater Basins. March 27, 2024. https://s42135.pcdn.co/wp-content/uploads/2024/04/OPV-Ordinance-Amendment_20240327.pdf

United, 2019. "Potential Unintended Negative Consequences of Current "Santa Clara River Water Flex Allocation" Language in Draft FCGMA Allocation Ordinance for Oxnard and Pleasant Valley Basins, dated 06/26/2019", Letter to Mr. Kimball Loeb, Groundwater Manager, FCGMA, June 25, 2019.

United, 2021. Saline Intrusion and 2020 Groundwater Conditions Update, Oxnard and Pleasant Valley Basins, Open File Report 2021-03, November 2021.

Attachments:

Attachment A

June 2019 Correspondence between United and FCGMA Staff

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Attachment A

June 2019 Correspondence between United and
FCGMA Staff

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Board of Directors
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Edwin T. McFadden III

General Manager
Mauricio E. Guardado, Jr.

Legal Counsel
David D. Boyer

June 25, 2019

Mr. Kimball Loeb, Groundwater Manager
Ventura County Watershed Protection District
L#1610, Ventura, CA 93009



Subject: Potential Unintended Negative Consequences of Current "Santa Clara River Water Flex Allocation" Language in Draft FCGMA Allocation Ordinance for Oxnard and Pleasant Valley Basins, dated 06/26/2019

Dear Mr. Loeb;

United Water Conservation District (United) has reviewed the latest draft of Fox Canyon Groundwater Management Agency's (FCGMA) *Proposed Ordinance to Establish a New Pumping Allocation System for the Oxnard and Pleasant Valley Basins* (the draft Ordinance), dated June 26, 2019. Although dated June 26, the Ordinance was made available to the public (including United) for review in the late afternoon of June 20. Furthermore, you contacted United staff on the afternoon of June 11 via e-mail to let us know that the FCGMA was not planning to make some of the language changes in the draft Ordinance that your staff was considering as of February 2019. Thank you for the advance notification, because, in February, it seemed that the FCGMA was supportive of key language changes proposed by United to the draft Ordinance.

We have talked in person and over the telephone with you several times during the past two weeks to obtain clarification on how FCGMA staff interpret the meaning of some vague portions of the language regarding "Santa Clara River Surface Water Flex Allocation" (SCR Flex Allocation) and application of carryover. As of this Monday, June 24, you said in a meeting that you felt that carryover could probably be applied to a portion of the SCR Flex Allocation, although you expressed some uncertainty as to whether such carryover would be better accounted for on an annual basis or as part of the 5-year "true-up" process. So it's apparent that even after release of draft Ordinance last week, FCGMA staff had some lingering uncertainty about how to interpret some of their own language, and were not aware of some of the ramifications of adopting the draft Ordinance as currently written.

Based on our discussions in the past two weeks, United has evaluated the impacts of the draft Ordinance on the extraction allocation for the Pumping-Trough Pipeline (PTP) conjunctive-use project, which was jointly developed and implemented by the FCGMA and United. United has also attempted (in the limited time available) to determine how the SCR Flex Allocation and Carryover provisions of the draft Ordinance would impact the future viability of the PTP and other conjunctive-use projects in the Oxnard or Pleasant Valley basins. Recall that the policies for operating the PTP were adopted in the Ventura County Public Works Agency's 1986 "Fox Canyon Groundwater Management Agency Planning Study" (which comprised your groundwater management plan until 2007). The FCGMA's 2007 groundwater management plan update stated:

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“One of the most effective management strategies in reducing overdraft is to supply water directly to overdrafted areas. This in-lieu strategy has been very effective in the Upper Aquifer System, where Santa Clara River water delivered through the Pumping Trough Pipeline has helped to alleviate the pumping trough that has been present for several decades beneath the south Oxnard Plain. Because the Lower Aquifer system now has its own pumping trough beneath the same area, extending the Pumping Trough Pipeline and/or bringing in water from other sources to the south Oxnard Plain would likely be equally as effective.” (bold font added)

Despite the effectiveness of the PTP and other conjunctive-use projects at achieving the FCGMA’s and United’s goals to improve groundwater conditions in the Oxnard and Pleasant Valley basins, we are very concerned that the draft Ordinance, if adopted as is, would have unintended consequences that would threaten the future viability of the PTP, Pleasant Valley Pipeline (PVP), and other potential future conjunctive-use projects that might be able to improve sustainable yield.

Following are the highlights of the results of our evaluation, supported by graphs on the following pages. We simply did not have time since our last meeting to provide a more comprehensive write-up of our analysis, but would welcome the opportunity to present details to your staff and Board at your earliest convenience.

1. **During its period of operation (1987-present), the PTP has been very effective at improving groundwater conditions, substituting 148,000 AF of groundwater withdrawals with surface-water deliveries.** As shown on Figure 1, net applied-water use in the area of the PTP has declined over that same period. However, in most years with little rainfall (e.g., 2002 or 2007), overall water use increases to make up for “natural” irrigation (rain). Conversely, during very wet years (e.g., 1998 or 2005), applied-water use is lower than average (because rain provides up to 20% of required irrigation demand). Counter to this typical trend, water-users in the PTP area significantly reduced total water use during the most recent extreme drought (2012-2018). However, no surface water was available from the Santa Clara River for PTP deliveries, so groundwater extractions from United’s PTP wells and from private wells in the PTP area were increased to partially make up for the shortfall in surface water. The “excess” (greater than average) groundwater extractions from United’s PTP wells during the period when no surface water-deliveries were possible (2014-2018) totaled 15,000 AF, which is only 10 percent of the total quantity of surface water replacing groundwater use during the 30-year period of PTP operation. The PTP system works as a conjunctive-use project should work, and has significantly benefited groundwater conditions in the Oxnard basin, as intended by the FCGMA and United. We believe the PVP has provided similar benefits to groundwater conditions in both the Pleasant Valley basin and Oxnard basin, although we have not had time to provide an updated quantitative assessment as we have for PTP.
2. **The SCR Flex Allocation language in the draft Ordinance would result in tens of millions of dollars in surcharges to United for operating the PTP most effectively, based on past operations.** Figure 2 shows the “SCR Flex Allocation” (black line and square symbols) together with historical PTP-well groundwater extractions and Santa Clara River surface-water deliveries to the PTP system, projected forward 55 years assuming two repeated cycles of 1991-2018 climate and river conditions. This figure assumes the ordinance becomes effective in January 2020. Inspection of Figure 2 indicates that if climate, river, and pumping conditions were to simply repeat themselves, United’s groundwater extractions would exceed the allocation under the draft ordinance during most wet years, and fall under the allocation during most droughts. ***Note that the forecasted allocation exceedances and unused balances assume no requirement by any party in the basin to ramp down pumping, consistent with the current draft Ordinance—rampdowns***

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will be addressed later, but these forecasts simply assume that pumping throughout the basin can continue “as is.”

Figure 3 shows the amounts that United would have exceeded or under-utilized its PTP-well extraction allocation under this scenario, together with an estimate of surcharges (assuming FCGMA’s Tier 3 rate of \$1,900/AF) at each 5-year true-up. Under this scenario, United could owe \$47 million in surcharges to the FCGMA over the next 55 years, just for operating the PTP in accordance with FCGMA and United’s policies, and with just a very small net exceedance of the total SCR Flex Allocation over the entire period. You mentioned on Monday that carryover may apply to our SCR Flex Allocation (although the details remain somewhat uncertain), which would result in a slightly smaller surcharge (\$35 million) over the forecasting period, but not alleviating the surcharge entirely. And application of carryover means that United would leave 24,000 AF of unused allocation “on the table,” while still owing \$35 million in surcharges

3. Note on Figures 2 and 3 that United would theoretically exceed its extraction allocation during extremely wet periods, and under-utilize its allocation during extreme droughts. **This would effectively encourage United to pump more groundwater during extreme droughts**—this allocation is greater than we’ve ever extracted, historically in either droughts or wet periods. If we don’t pump more during these future droughts, we would lose the dollar value of the water represented by the unused allocation. Extreme droughts are exactly the wrong time to pump more groundwater than we ever have before, and run counter the sustainability goals the ordinance hopes to achieve.

Also note that during extreme wet periods, United’s SCR Flex Allocation becomes negative during some years. Although a negative allocation makes no intuitive sense, the result is that if United pumps zero groundwater during those years, it will still exceed its allocation by up to 400 AF. The negative allocations appear as rare anomalies on Figure 2, with little impact, but they become much more impactful under an assumed rampdown in allocation, discussed below.

4. **Assuming a ramp-down of pumping exacerbates the problems noted above.** Figures 4 and 5 show that United’s SCR Flex Allocation would *increase* during droughts under the 30% rampdown scenario shown on Figure 4, more than the increase occurring under the non-rampdown scenario described above. This has the effect of incentivizing United to pump even more groundwater during droughts. At the same time, potential surcharges United would owe FCGMA for operating the PTP system in accordance with current policies and design parameters would increase to \$54 million (no carryover) to \$45 million (if carryover is implemented) under the rampdown scenario, even though groundwater use is approximately equal to, or far below, respectively, non-carryover and carryover-adjusted allocation amounts. All of the surcharges are for pumping during wet periods, as noted previously.

In addition, the number of years with “negative allocation,” and the magnitude of those negative allocations, increase under the rampdown scenario. Due to this increase, **United could owe FCGMA surcharges for allocation exceedances, even if United does not pump any groundwater at all during extended wet periods.** This would be an untenable position for United or other operators of conjunctive-use projects, either existing or contemplated for the future, to aid in achieving groundwater sustainability. You suggested that maybe the negative allocations could be converted to zero values, but even a zero allocation could mean PTP user not having any access to water during the summer months, when surface flows on the Santa Clara River may not occur. Furthermore, converting the negative allocations to zeroes results in a smaller rampdown than other users, which hardly seems equitable.

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Finally, since only groundwater allocations are reduced in a 30-percent-rampdown scenario under the current draft Ordinance, the total allocation rampdown for PTP users, considering both groundwater and surface-water delivered in lieu of pumping by United, would only be about 9 percent. We question whether that was the intent of the FCGMA, or if this is an unintended consequence. It is not United's intent to weigh-in on the fairness of inconsistent allocation rampdowns, but we note that intent of in-lieu groundwater deliveries in most conjunctive-use projects throughout the United States is to treat surface-water allocations similar to groundwater allocations.

We have other concerns and suggestions for improving the draft Ordinance, but have not had time to fully evaluate the issues in realistic, quantitative scenarios, then articulate those concerns. It is our understanding that FCGMA staff have not had the time to conduct more than a handful of quantitative scenarios, either. We would strongly urge your Board to consider our concerns listed above and provide the affected stakeholders (water users) more time to interact with staff and improve the draft Ordinance. Following are our suggestions for at least beginning to modify the draft Ordinance such that it does not seriously and negatively affect the viability of existing and future conjunctive-use projects in the Oxnard and Pleasant Valley basins:

1. Take the time to evaluate potential unintended consequences of the draft Ordinance, and make adjustments to the initial allocation for the PTP (and other conjunctive-use projects), the SCR Flex Allocation approach, or other parameters as needed, such that operating conjunctive-use projects at maximum effectiveness (and consistent with FCGMA policy) would not result in very large surcharges to United or other entities operating conjunctive-use projects.
2. One sensible way to avoid impacting United or other conjunctive-use operators with high surcharges is to simply exclude conjunctive-use extractions from surcharges, so long as such extractions are operated in accordance with FCGMA policies and resolutions, and they provide a net overall benefit to groundwater conditions. There is no reason to charge penalties to an entity such as United for operating a conjunctive use project that only improves basin sustainable yield.
3. The language should be adapted such that it does not provide an incentive to pump more groundwater during droughts
4. The FCGMA should consider whether they intend surface water delivered in lieu of pumping to have a lesser rampdown than groundwater, if rampdowns are implemented in the future (rampdowns are contemplated, but methods are not described, in Article 10 of the draft Ordinance).

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If you would like additional input on any of our suggestions, please do not hesitate to contact the undersigned or John Lindquist, Senior Hydrogeologist, at 805-317-8970. We hope your Board will avoid rushing to adopt an Ordinance that may make it even more difficult to improve groundwater conditions and achieve the sustainability goals for the Oxnard and Pleasant Valley basins.

Sincerely,
United Water Conservation District

A handwritten signature in black ink, appearing to read "Robert C. Siemak". The signature is fluid and cursive, with the first name "Robert" being more prominent than the last name "Siemak".

Robert C. Siemak
Assistant General Manager

cc: Mauricio Guardado (United)
John Lindquist (United)

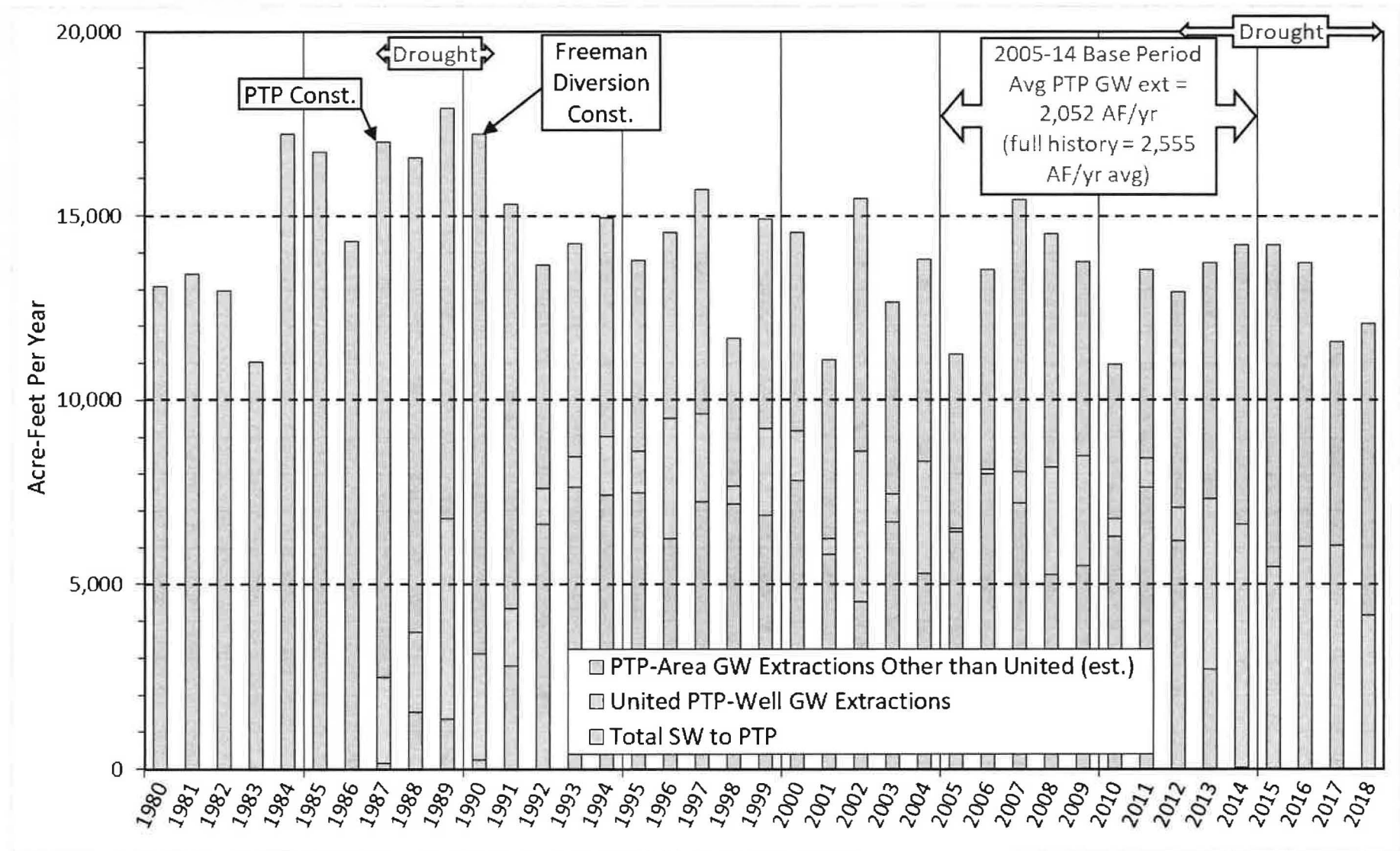
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Figure 1. Historical United surface-water and groundwater deliveries to PTP, and groundwater extractions by others in the vicinity of the PTP system. Sum of surface-water deliveries by United (1987-2013) = 148,000 AF; sum of groundwater deliveries to PTP by United during 2014-18 drought in excess of 2005-14 average = 15,000 AF.

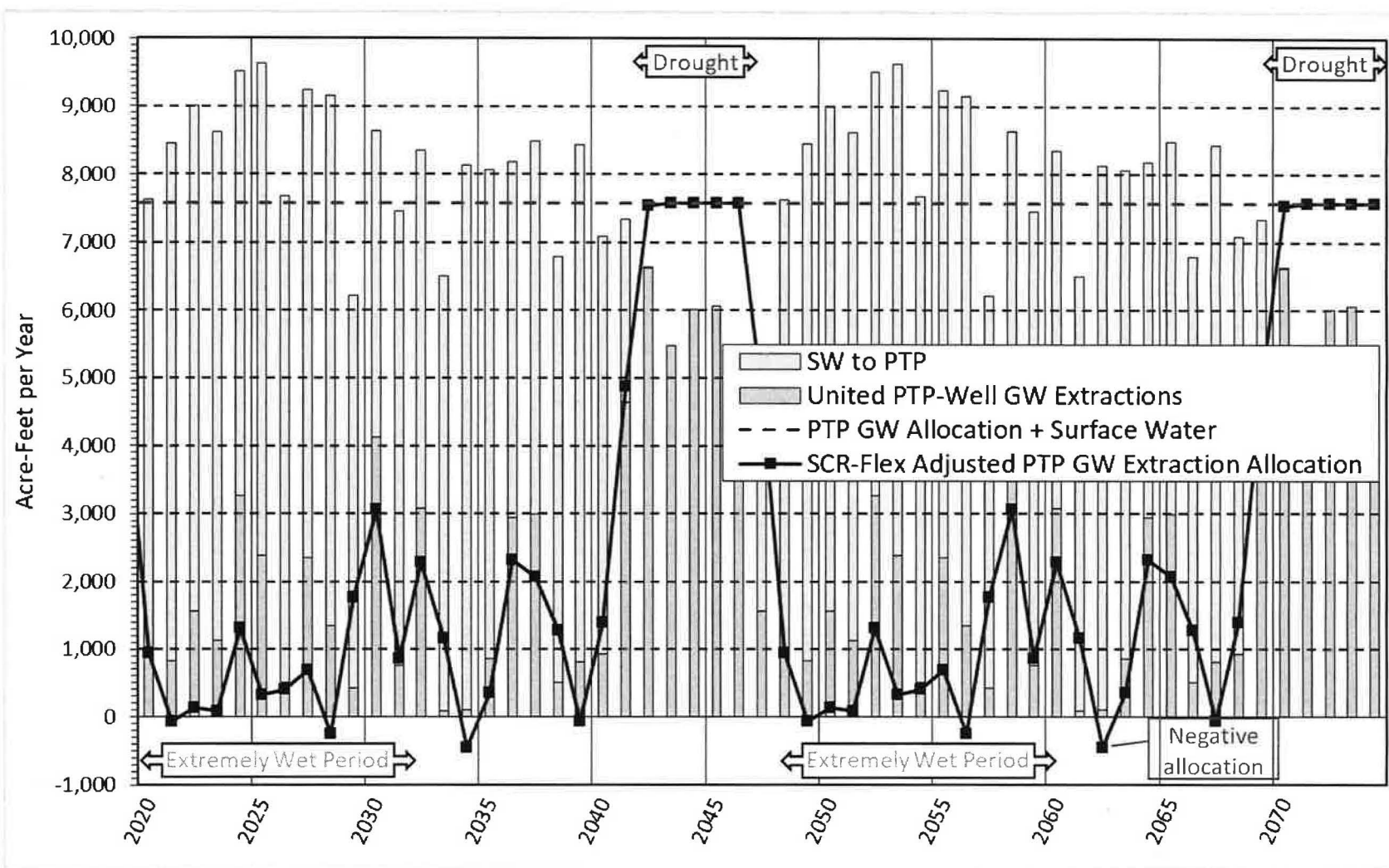
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Figure 2. Forecasted surface- and groundwater deliveries to PTP for years 2020-75, assuming two cycles of 1991-2018 climate and water use starting in 2019. Black line and squares show SCR Flex-Adjusted PTP groundwater extraction allocation per draft ordinance language. Note that negative allocations exist in some wet years, and that groundwater extraction allocations exceed actual deliveries during dry years (in fact, United does not presently have capacity to pump as much water as allocated during these drought periods).

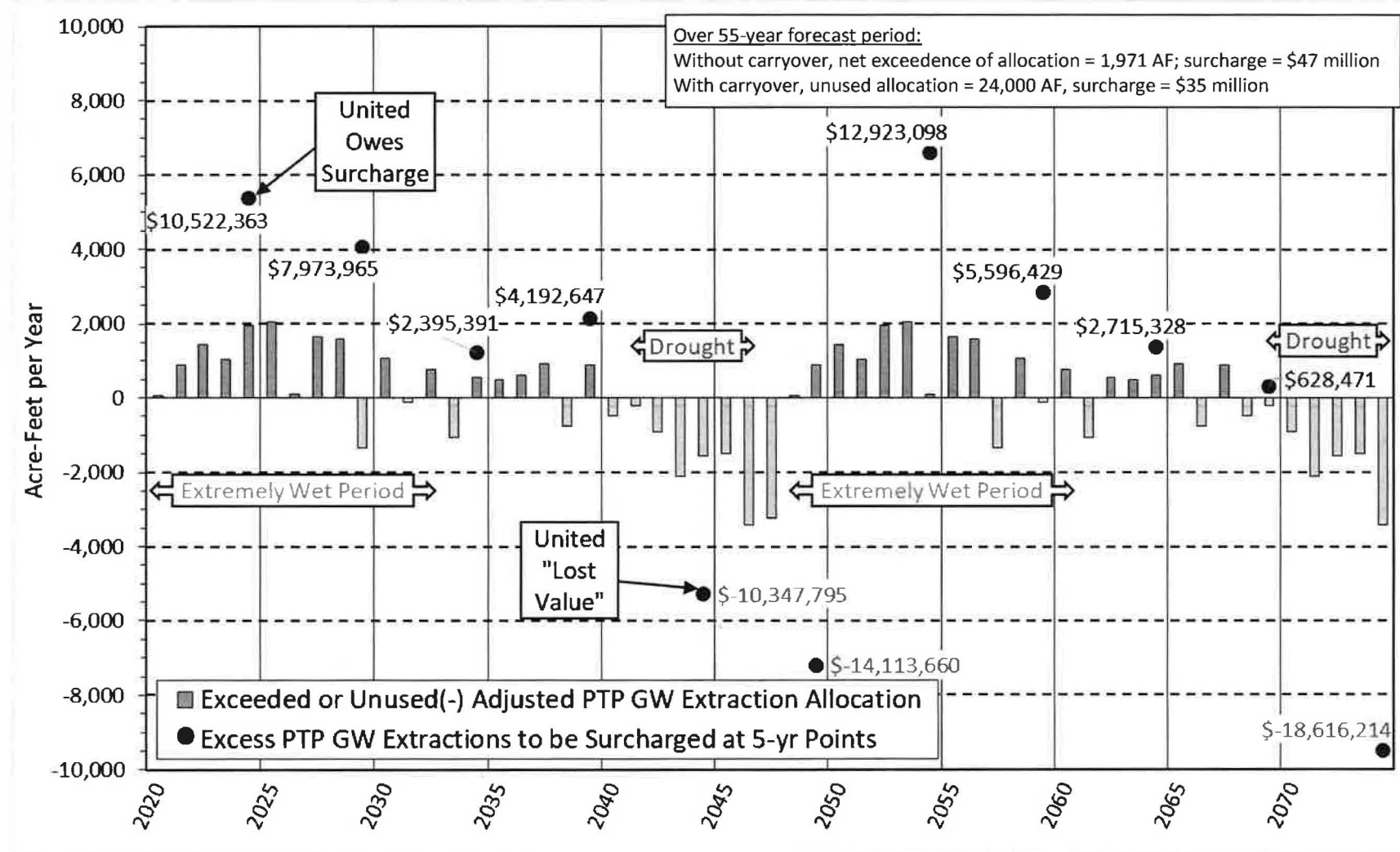
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Figure 3. Forecasted exceedances (green) or under-utilization of United's PTP SCR Flex Allocation (orange) for assumed conditions in years 2020-75, as defined in the draft ordinance. Also shown are estimated surcharges (assuming Tier 3 FCGMA rates apply) at 5-year true-up periods, in black, and the value of under-utilized allocations, in red. Note that without carryover, United would slightly exceed its extraction allocation (by 2,000 AF) over the entire period, and incur surcharges of \$47 million. If carryover can be applied, United would have to pay surcharges of \$35 million, while under-utilizing its allocation by 24,000 AF.

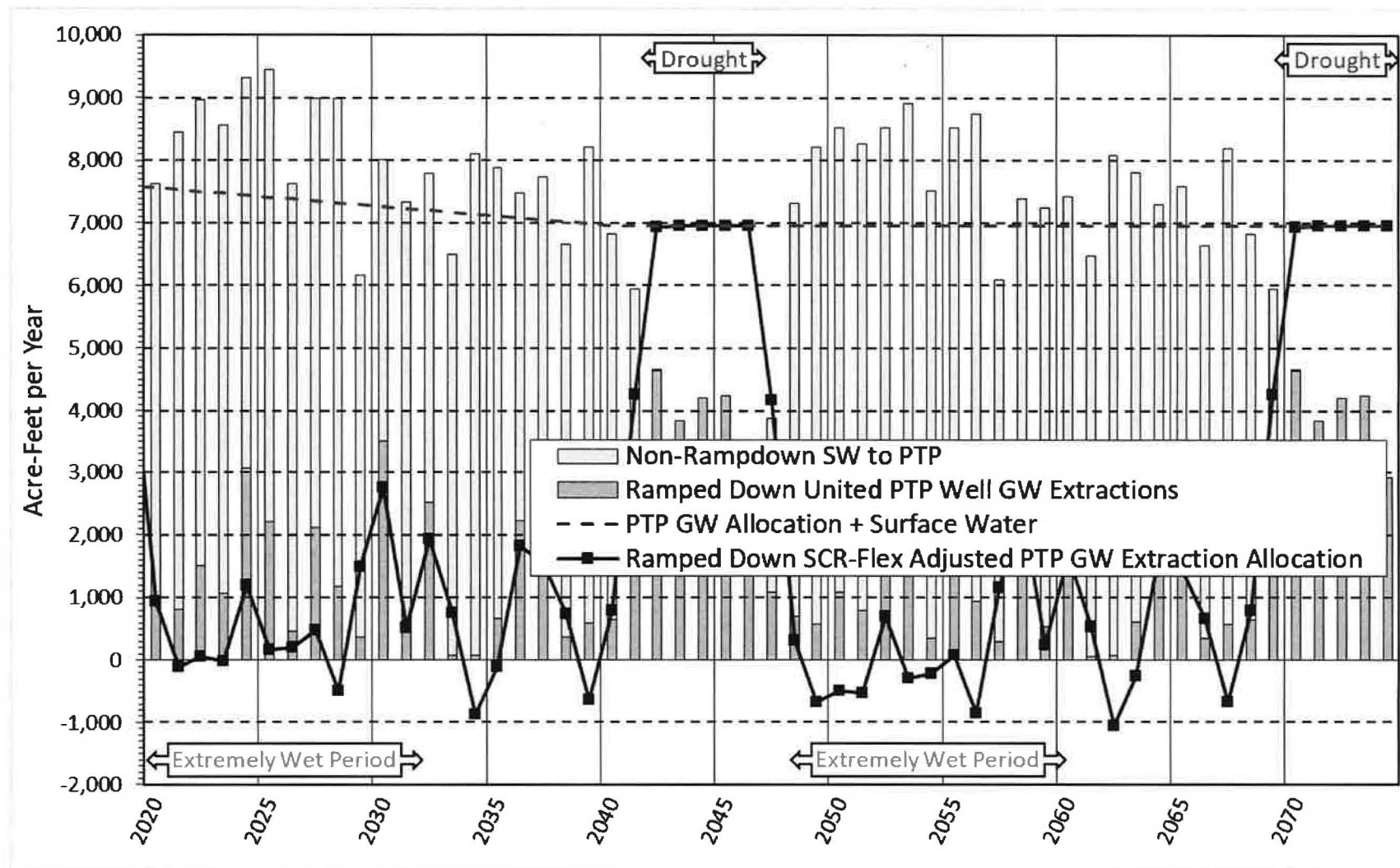
ITEM 14 - REMOVED BY BOARD ACTION DURING MEETING

Figure 4. Forecasted surface- and groundwater deliveries to PTP for years 2020-75, similar to Figure 2, but incorporating a 20-year, 30 percent rampdown in groundwater extraction allocations for all users (first ramped-down allocation occurs in 2021). Note that negative allocations occur more frequently, particularly in wet years. Also note that the total ramped-down sum of groundwater allocation plus surface-water deliveries is only 9 percent, even though groundwater allocations ramp down 30 percent.

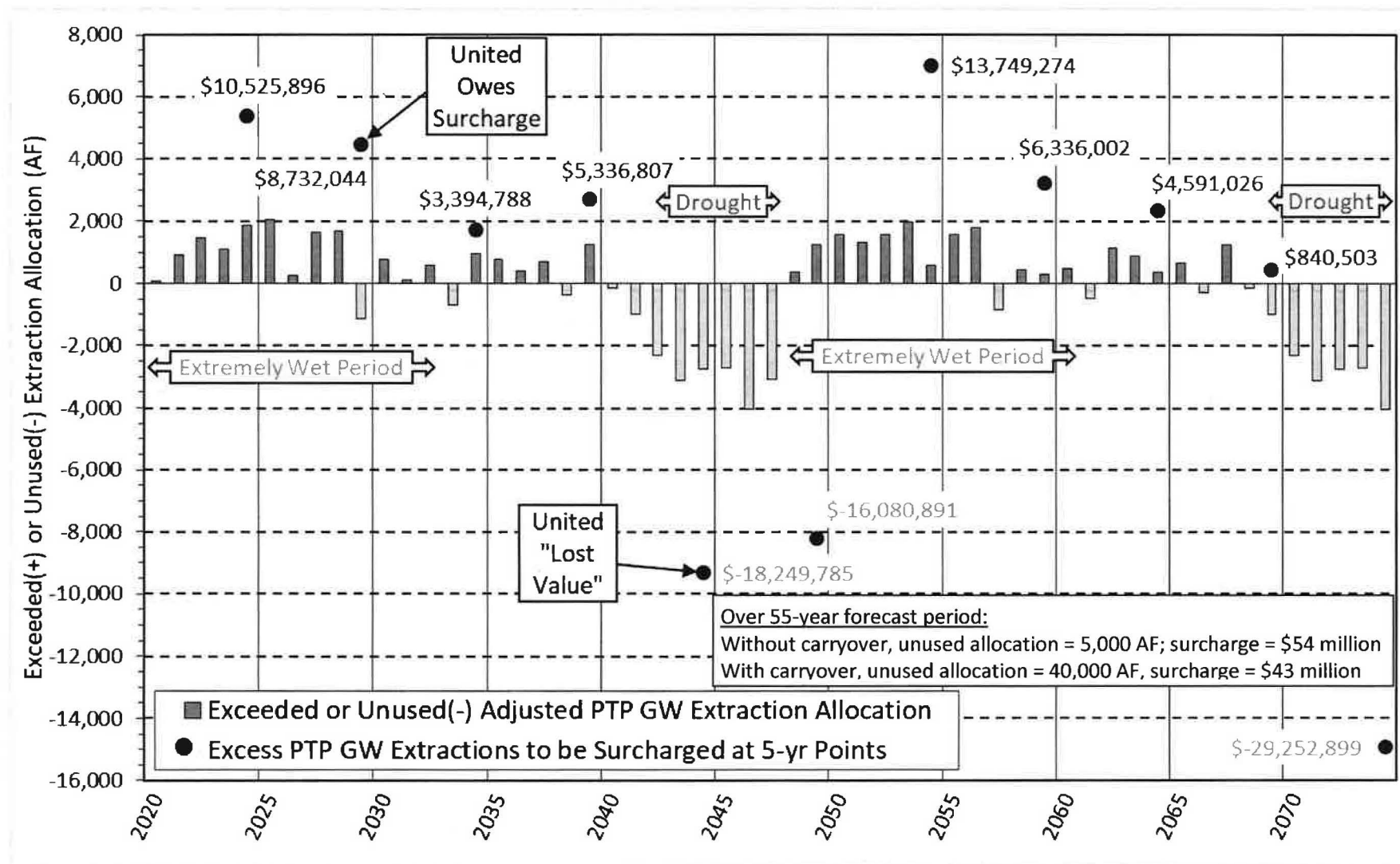
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Figure 5. Forecasted exceedances (green) or under-utilization of United's PTP SCR Flex Allocation (orange) for assumed conditions in years 2020-75, as defined in the draft ordinance, similar to Figure 3, but incorporating the 30 percent rampdown shown on Figure 4. Note that without carryover, United would under-utilize its extraction allocation by 5,000 AF over the entire period, but still incur surcharges of \$54 million. If carryover can be applied, United would have to pay surcharges of \$43 million, while under-utilizing its allocation by 40,000 AF.

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Michael Craviotto, Farmer, Agricultural Representative
Lynn Maulhardt, Director, United Water Conservation District
Tony Trembley, Councilmember, City of Camarillo

EXECUTIVE OFFICER

John Demers

October 22, 2025

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

SUBJECT: Presentation on Framework for Review and Processing of Variance Requests Under the OPV Allocation Ordinance – (New Item)

RECOMMENDATIONS: (1) Receive and file a presentation on a framework to review and process variance requests under the OPV Allocation Ordinance; (2) Direct staff to prepare materials to rescind Resolution No. 2020-03 and to prepare a resolution to replace Resolution No. 2020-03; and (3) Provide direction to staff.

BACKGROUND:

Your Board adopted on October 23, 2019, *An Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Basins* (OPV Allocation Ordinance)¹. The purpose of this ordinance was to facilitate the transition from the Agency's previous groundwater management programs to sustainable groundwater management as mandated by the Sustainable Groundwater Management Act of 2014 (SGMA) and to improve and protect the quantity and quality of groundwater supplies within the basins.

The OPV Allocation Ordinance specified that the Executive Officer would establish an operator's extraction allocation for each extraction facility (well) located within the basins. This new allocation superseded previous allocations and allocation assignment methodologies. New allocations were then determined and provided to owners and/or operators for each extraction facility within the basins.

Article 11 of the OPV Allocation Ordinance provided for well owners or operators to request a variance from that original allocation. Article 11 also defined the purpose and standards under which a variance can be granted. The applicant had the burden of proving that the standards had been met.

¹ OPV Allocation Ordinance: <https://s42135.pcdn.co/wp-content/uploads/2022/06/Ord-to-Establish-an-Allocation-System-for-the-OPV-Groundwater-Basins-with-Amendments.pdf>

An Ordinance Amending Articles 4 and 6 and Rescinding Section 10.2 of OPV Allocation Ordinance: https://s42135.pcdn.co/wp-content/uploads/2024/04/OPV-Ordinance-Amendment_20240327.pdf

The following is extracted from the OPV Allocation Ordinance:

11.1 Variance Purpose and Standards The sole purpose of any variance shall be to enable an owner or operator to make reasonable use of groundwater in the same manner as other users of groundwater in the Basins. Before any variance may be granted, the owner or operator must establish, and the Agency must determine that all of the following standards are met:

11.1.1 That there are special circumstances or exceptional characteristics applicable to the owner or operator which do not apply generally to comparable owners or operators in the Basins; and

11.1.2 That granting a variance will not confer a special privilege inconsistent with the limitations upon other owners and operators in the Basins; and

11.1.3 That denial of a variance will result in practical difficulties or unnecessary hardships inconsistent with the general purpose of this ordinance; and

11.1.4 That the granting of a variance will not be inconsistent with the groundwater sustainability plan or the provisions of SGMA or with other regulations or ordinances of the Agency or detrimental to the Agency's ability to improve and protect the quantity or quality of groundwater supplies within the Basins; and

11.1.5 That the granting of a variance will not substantially impede the Agency's ability to achieve sustainable groundwater management or the actual sustainability of groundwater in the Basins.

Subsequently, Resolution No. 2020-03, entitled *A Resolution Establishing Policies and Procedures for Granting Variances from the Initial Extraction Allocation Under the Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins*², was adopted by your Board in April 2020 (amended in February 2022); Resolution No. 2020-03 identified "other variance requests" which would be reviewed by a Variance Review Committee (VRC):

An applicant for a variance seeking additional allocation related to change in crops, change in land use, or receipt of water from a water purveyor shall have the request submitted to a variance review committee representative of the groundwater extractors in the basins. The recommendation of the committee shall be provided to the Board for its consideration of the variance request.

Your Board appointed seven members to the VRC at a meeting on June 24, 2020. Committee members consisted of agricultural and municipal and industrial (M&I) pumpers as well as water purveyors in both the Oxnard and Pleasant Valley Basins.

² Amended Resolution No. 2020-03: <https://s42135.pcdn.co/wp-content/uploads/2022/07/Resolution-2020-03-Amended.pdf>

DISCUSSION:

After the adoption of the aforementioned ordinances and the appointment of the members to the VRC, the Agency received a substantial number of variance requests, in total numbering more than 150. Despite the detailed language of the ordinances, and extensive effort by both staff and the VRC, review of the requests proved to be unwieldy. The VRC found the process challenging and burdensome, and as a result was able to review only a small number of requests, averaging one per meeting session. Due to several factors, including implementation of the LPV Adjudication, existing workloads and assignments, and staffing levels at the time, the VRC ceased meeting, and Agency staff no longer reviewed or acted upon the variance applications in queue.

On September 12, 2025, the Agency held the first meeting of the Variance Ad-Hoc Subcommittee. During this meeting, numerous stakeholders discussed the application process, historical processes, and the challenges in the approval process for variances. The Subcommittee members gave direction to staff, including to return at this current Board meeting with additional recommendations, and suggested that the VRC requirement for certain “other” requests be discontinued.

Staff review of the backlog of variance requests resulted in the following analysis:

- Approximately 38 of the requests concerned provision of water from sources other than local wells, principally from either Pleasant Valley County Water District (PCVWD) or United Water Conservation District (United). Applicants identified either what they claimed was an inadequate water supply from these providers, or a concern that the providers would be unable to supply sufficient water in the future. In total, these variance requests asked for over 9,000 acre-feet per year in additional extraction allowances.
- Municipal requests constituted 23 of the applications and involved special circumstances and provisions.
- The majority of the requests concerned items that are termed “corrections” and involve periods of non-reporting, periods where a well did not pump due to mechanical or operational issues, transfers between wells, or other concerns that, in general, involve a belief by the applicant that the initial allocation, as determined by the Agency, is inaccurate and should be recalculated with new information.

As a public agency, FCGMA must take special care in reviewing and issuing a determination on variance requests. The evaluation and review process must be rigorous, conducted by personnel with the appropriate expertise, and should be consistently applied. Although the Agency has discretion to implement procedures of its own design for variance approvals, other public agencies review other types of variances, such as zoning, air quality, etc., and from those processes certain general rules can be inferred, including that requests:

- Must be based upon verifiable facts.

Item 15 – Framework for Review and Processing of OPV Variance Requests

- Must demonstrate that it is addressing a situation that is both unique and unreasonably burdensome, and that is not self-created.
- Must be based on the concept of minimal impact, that is, that the variance is the bare minimum needed to address the problem.
- Must not confer a special privilege that is inconsistent with the conditions placed on comparable situations.
- Is subject to a risk assessment, whereby the potential risks related to the variance are evaluated to determine if the proposed mitigation strategies or compensating controls are sufficient to manage those risks. Requests that create significant risk without robust controls should be denied.

Consistent with staff analysis of the application queue and this general guidance, the following recommendations are made:

- Variance requests designed to compensate for alleged lack of water from PVCWD or United should be denied. Two factors support this. First, the sheer volume of the requested variances is unsupportable. Fairness and equitable treatment demand that all requestors in a similar situation be treated the same, and in this case, requests cannot be granted as the available yields do not support the very sizable amount of combined allocation requests. Second, discussions with both PVCWD and United indicate that water is available, in sufficient quantities, to meet customer needs. In addition, the Agency intends on continuing conversations with those two agencies to allow additional flexibility in the provision of water to help preclude situations whereby adequate water is not available to a parcel.
- Public agency requests must be evaluated case-by-case in collaboration with the other agency to arrive at an acceptable conclusion.
- Any “correction” that is not conclusively based on verifiable facts, is not a unique situation, or is the result of a self-created action, and should be denied.
- Other corrections and other types of requests should be reviewed for uniqueness, minimal impact, special privilege and risk assessment considerations and approved or denied as indicated by the review.

Given the burden and lack of progress that the Variance Review Committee process demonstrated, staff recommend that the VRC be disestablished. To accomplish this, Resolution No. 2020-03 should be rescinded in its entirety and replaced by a new Resolution to accurately reflect the review process, actions that should be accomplished at a future meeting of your Board.

Based upon direction from the Variance Ad-Hoc Subcommittee, staff intend to aggressively work through the backlog of variance applications, evaluating each on its merits within the context of the framework discussed within this letter and direction provided by your Board. Additional feedback and reporting will be presented at the next

FCGMA Board Regular Meeting, October 22, 2025
Item 15 – Framework for Review and Processing of OPV Variance Requests

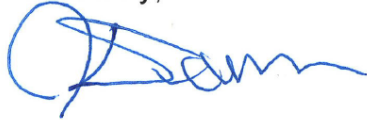
meeting of the Variance Ad-Hoc Subcommittee, currently scheduled for November 13, 2025.

CONCLUSION:

The Agency review of variance requests has not met its intended results and has left stakeholders in an uncertain situation. Staff recommends several actions to streamline the process and provide satisfactory resolution of the request backlog.

This letter has been reviewed by Agency Counsel. If you have any questions, please contact me at (805) 605-4083.

Sincerely,



John Demers
Executive Officer

Framework for Review and Processing of Variance Requests

Item No. 15 – October 22, 2025

John Demers
Executive Officer



Background

- On Oct 23, 2019, the Board adopted “An Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Basins” (OPV Allocation Ordinance)
 - Intended to facilitate the transition from the Agency’s previous groundwater management programs to sustainable groundwater management as mandated by SGMA
 - Replaced earlier allocation systems which used efficiency or an irrigation allowance as criteria with a system that capped extractions at a pre-determined level
- Article 11 of the OPV Allocation Ordinance provided for well owners or operators to request a variance from that original allocation and the purpose and standards under which a variance can be granted
- Resolution No. 2020-03, entitled “A Resolution Establishing Policies and Procedures for Granting Variances from the Initial Extraction Allocation Under the Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins,” was adopted by the Board in April 2020
 - Created a Variance Review Committee (VRC) to review certain “other” variance requests
 - Seven people were appointed to the VRC on June 24, 2020

Discussion

- Agency reviewed in excess of 150 variance requests
- Criteria proved to be unworkable and burdensome for both Agency staff and the VRC
 - VRC completed review on only a small fraction of requests
- Agency stopped working on requests due to increased workload and available staff, and VRC was disbanded
- Recent staff review revealed several major categories of requests, alleging:
 - Insufficient supply from PVCWD and/or United. In total, these requests looked for an additional 9,000 + AF of allocation.
 - A Municipal agency with a special circumstance
 - A “correction” to account for reporting discrepancies, inoperable wells or other factors which led to an incorrect determination of the initial allocation

Discussion

- Public agencies, such as FCGMA, must review requests rigorously, with appropriate expertise, and above all, fairly and consistently
- Application of general public agency standards for variances from standards, such as for zoning, air quality etc., to the Agency's written variance guidance yields the following review guidelines:
- A request must be:
 - Based on verifiable facts
 - Must demonstrate that it is addressing a situation that is both unique and unreasonably burdensome, and that is not self-created.
 - Must be based on the concept of minimal impact
 - Must not confer a special privilege that is inconsistent with the conditions placed on comparable situations.
 - Is subject to a risk assessment

Discussion

- These factors, when applied consistently and fairly, would allow staff to resume evaluation of pending requests, with clearer guidelines and more certain outcomes.
- The Agency cannot, in general, approve any of the requests that state that either PVCWD and/or United cannot or will not supply water due to the sheer volume of the requested allocations, over 9,000 acre-feet. Unless special situations are present, any approval of a variance in this category would subject the Agency to approval of all in this category, an unsustainable and indefensible practice.
- Requests by municipal agencies present unique situations that must be addressed on a case-by-case basis in cooperation with the other agency.
- All other requests should be reviewed for uniqueness, minimal impact, special privilege and risk assessment considerations and approved or denied as indicated by the review.
- The VRC is redundant to staff review, and given the operational challenges from the previous efforts, should not be reinstated.

Recommendations

- Approve the framework presented.
- Direct staff to rescind Resolution No. 2020-03.
- Direct staff to evaluate the need for a new Resolution to codify the review and approval process and to draft procedures, as necessary.
- Direct staff to begin work on a flexible allocation system for extractors who also receive water from another system.

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

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Michael Craviotto, *Farmer, Agricultural Representative*
Lynn Maulhardt, *Director, United Water Conservation District*
Tony Trembley, *Councilmember, City of Camarillo*

EXECUTIVE OFFICER
John Demers

October 22, 2025

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

SUBJECT: Presentation on Draft Ordinance and Policy Authorizing Compensation and Reimbursement for the Fox Canyon Groundwater Management Agency Board of Directors – (Returning Item)

RECOMMENDATIONS: (1) Receive and file this board letter and presentation on adoption of an ordinance and policy authorizing the payment of compensation and reimbursement to members of the Fox Canyon Groundwater Management Agency (FCGMA) Board of Directors (Board); and (2) Provide direction to Agency Counsel.

BACKGROUND:

Members of the FCGMA Board have never been compensated for their attendance at meetings or serving on behalf of FCGMA. In May 2025, Director Trembley asked Agency Counsel to research the process for compensating FCGMA Board members. At the August 27, 2025, meeting, Agency Counsel provided a presentation explaining that although the FCGMA Act, Water Code Appendix, §121-102 et seq., neither authorized nor prohibited compensating FCGMA Board members, a separate article of the Water Code authorized compensating board members of a water district subject to specified substantive and procedural conditions. At the August 27, 2025, meeting, your Board provided Agency Counsel direction on several initial items needed to move forward with preparation of an ordinance authorizing compensation for FCGMA Board members, and a related policy for reimbursement of expenses incurred by the Board.

DISCUSSION:

Since the August 27, 2025, meeting, Agency Counsel has prepared a draft ordinance to authorize the payment of compensation to FCGMA Board members for their attendance at certain meetings. (See Exhibit 16A.) Also, Agency Counsel has prepared a draft policy for reimbursing FCGMA Board members for their actual and necessary expenses related to attending these meetings. (See Exhibit 16B.)

In order to complete the ordinance and policy for adoption, Agency Counsel needs confirmation and direction on the following items:

- Types of Compensable Meetings
 - FCGMA Board meetings
 - FCGMA Advisory Committee meetings (including LPV stakeholder committees)
 - Meetings attended (or other service provided) as a FCGMA Board member at the request of the FCGMA Board
 - A conference or organized educational activity expressly exempted from the Brown Act, including required ethics training
 - Meetings of the Water Issues Committee of the Association of Water Agencies of Ventura County
- Reimbursement of Expenses
 - Draft policy currently authorizes reimbursement of expenses incurred in attending the above meetings/occurrences
 - Should other expenses be authorized?
- Rate of Reimbursement
 - Draft policy currently authorizes reimbursement for travel, meals, lodging, and other actual and necessary expenses at the rates set forth in U.S. IRS, Publication 463
 - Government Code allows your Board to set different reasonable rates
- Expense Reports Required
 - Must complete expenses reports to be reimbursed for expenses
 - Within what amount of time (number of days) of incurring the expense must an FCGMA Board member submit an expense report?
- Required Annual Ethics Training and Expense Reports
 - If a local agency provides any type of compensation or reimbursement to members of its legislative body, all members of the legislative body must receive two hours of training in general ethics principles and ethics laws every two years
 - Is your Board willing to commit to the ethics training requirements?
- Periodic Review of Ordinance and Policy
 - Currently drafted to require review of ordinance and policy at least once every 36 months
 - But no review is required

The direction provided at today's meeting will be incorporated into the current draft ordinance and draft policy authorizing compensation and reimbursement of FCGMA Board members. Following today's meeting, staff will schedule publication of the required notice of hearing of adoption of the ordinance in a newspaper of general circulation as required by the Government Code. Tentatively, an Item for your Board's consideration and adoption of the ordinance and policy are scheduled for the November 14, 2025, Board special meeting.

CONCLUSION:

It is recommended that your Board (1) Receive and file this board letter and presentation; and (2) Provide direction to Agency Counsel needed to complete the ordinance and policy authorizing FCGMA Board compensation and reimbursement.

This letter has been reviewed by Agency Counsel. If you have any questions, please contact me at (805) 654-2879 or jason.canger@venturacounty.gov.

Sincerely,

Jason Canger
Agency Counsel

Attachments:

Exhibit 16A: DRAFT Ordinance Authorizing and Establishing the Policies and Procedures for Payment of Compensation to the Fox Canyon Groundwater Management Agency Board of Directors

Exhibit 16B: DRAFT Compensation and Reimbursement Policy

**AN ORDINANCE AUTHORIZING AND ESTABLISHING THE POLICIES AND
PROCEDURES FOR PAYMENT OF COMPENSATION OF THE FOX CANYON
GROUNDWATER MANAGEMENT AGENCY BOARD OF DIRECTORS**

ARTICLE 1. FINDINGS

- 1.1 Members of the Fox Canyon Groundwater Management Agency (FCGMA) Board of Directors (Board) have never been compensated for their attendance at FCGMA Board meetings, FCGMA advisory committee meetings, or other meetings, trainings, functions, and events related to FCGMA and its mission.
- 1.2 The FCGMA Act, Water Code Appendix, Chapter 121-102 et seq., neither authorizes nor prohibits the payment of compensation to the FCGMA Board.
- 1.3 Water Code Section 20200 et seq. authorizes the governing board of any water district to adopt an ordinance that provides compensation to its governing board's members for attendance at meetings and functions on behalf of the district or its governing board.
- 1.4 Government Code Section 53232 et seq. authorizes the compensation of a special district's board members for other types of meetings and functions, and the reimbursement of special district board members' actual and necessary expenses, subject to certain requirements.

ARTICLE 2. PURPOSE

The purpose of this ordinance is to authorize, and to establish the policies and procedures for, payment of compensation of the Board consistent with Water Code section 20200 et seq. and Government Code section 53232 et seq. The separate "Compensation and Reimbursement Policy," attached hereto as Exhibit A, further authorizes, and establishes the policies and procedures for, the reimbursement of specified actual and necessary expenses incurred by Board members during the performance of their official duties.

ARTICLE 3. DEFINITIONS

- 3.1. "Board" shall mean the board of directors of the Fox Canyon Groundwater Management Agency.
- 3.2. "Fox Canyon Groundwater Management Agency" or "FCGMA" shall mean the special district water agency created by Water Code Appendix section 121-102 et seq., serving as the groundwater sustainability agency for the Las Posas Valley Groundwater Basin, the Pleasant Valley Groundwater Basin, and the Oxnard Subbasin pursuant to the

Sustainable Groundwater Management Act, Water Code section 10720 et seq., and as the watermaster for the Las Posas Valley Groundwater Basin appointed by the Santa Barbara Superior Court pursuant to the judgment entered in *Las Posas Valley Water Rights Coalition, et seq. v Fox Canyon Groundwater Management Agency, et seq.*, Santa Barbara Superior Court Case No. VENCI00509700.

ARTICLE 4. COMPENSATION FOR ATTENDANCE

- 4.1 Subject to the policies and procedures set forth in this Resolution, each member of the Board shall be paid \$100 per day for attending the following types of meetings and occurrences:
 - 4.1.1. Meetings of the Board.
 - 4.1.2. Meetings of any FCGMA standing committee, including but not limited to meetings of the FCGMA Executive Committee, the FCGMA Fiscal Committee, the FCGMA Operations Committee, the Las Posas Valley Policy Advisory Committee, the Las Posas Valley Technical Advisory Committee, and any other committee created by formal act of the FCGMA Board.
 - 4.1.3. Service rendered as a member of the Board by request of the Board.
 - 4.1.4. A conference or organized educational activity conducted in compliance with subdivision (c) of Section 54952.2, including, but not limited to, ethics training required by Article 2.4 (commencing with Section 53234) of Chapter 2 of Part 1 of Division 2 of Title 5 of the Government Code.
 - 4.1.5. The meetings and occurrences listed in the attached Compensation and Reimbursement Policy.
- 4.2. The types of meetings and occurrences for which Board members may be compensated may be updated by amending the types of meetings and occurrences listed in Section 4 of the attached Compensation and Reimbursement Policy.
- 4.3. No member of the Board shall be paid or compensated more than a total of 10 days in any calendar month.
- 4.4. Determinations whether the activities of a member of the FCGMA Board on any specific day are compensable shall be made pursuant to Government Code section 53232 et seq.

ARTICLE 5. REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES

5.1. The “Compensation and Reimbursement Policy,” attached hereto as Exhibit A, is incorporated herein.

5.2. [RESERVED]

ARTICLE 6. AMENDMENT; PERIODIC REVIEW

6.1. This resolution, and the attachments hereto, may be amended by the Board provided any such amendments comply with the requirements of Water Code section 20200 et seq. and Government Code section 53232 et seq., as the case may be.

6.2. Every thirty-six (36) months following adoption hereof, the FCGMA Board shall hold a public meeting to review, and to consider, this resolution and the policies and procedures for compensating and reimbursing Board members and the need for any changes thereto.

ARTICLE 7. MISCELLANEOUS

Board members are responsible for complying with the rules, policies, and procedures governing compensation and reimbursement of their respective member agencies.

ARTICLE 8. EFFECTIVE DATE

This ordinance shall become effective 60 days from the date of passage set forth below.

PASSED AND ADOPTED this _____ day of October, 2025, by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

Chair, Fox Canyon Groundwater
Management Agency

ATTEST:

By: _____
Clerk of the Board

FOX CANYON GROUNDWATER MANAGEMENT AGENCY BOARD OF DIRECTORS
COMPENSATION AND REIMBURSEMENT POLICY

Section 1. Introduction

This policy is attached to that certain ordinance entitled “An Ordinance Authorizing and Establishing the Policies and Procedures for Payment of Compensation to the Fox Canyon Groundwater Management Agency Board of Directors” (Compensation Ordinance) in order to authorize the compensation of members of the Fox Canyon Groundwater Management Agency (FCGMA) Board of Directors (Board) for attending meetings and occurrences other than those listed in the Compensation Ordinance and to authorize the reimbursement of actual and necessary expenses incurred by members of the FCGMA Board incurred in the performance of their official duties.

Section 2. Purpose

The purpose of this Policy is to set forth the policies and procedures for compensating and reimbursing members of the FCGMA Board for their attendance at specified meetings and for specified actual and necessary expenses in compliance with Water Code section 20200 et seq. and Government Code section 53232 et seq.

Section 3. Definitions

“Board” shall mean the board of directors of Fox Canyon Groundwater Management Agency.

“Compensation Ordinance” shall mean that certain “An Ordinance Authorizing and Establishing the Policies and Procedures for Payment of Compensation of the Fox Canyon Groundwater Management Agency Board of Directors,” adopted on November 14, 2025.

“Fox Canyon Groundwater Management Agency” or “FCGMA” shall mean the groundwater management agency created by Water Code Appendix section 121-102 et seq.

Section 4. Compensation for Attendance

In addition to the types of meetings listed in Section 4 of Compensation Ordinance, members of the Board shall also be compensated for attending the following types of meetings and occurrences:

- Meetings of the Water Issues Committee of the Association of Water Agencies of Ventura County.
- [RESERVED]

- [RESERVED]

Board members shall be compensated for their attendance at the meetings and occurrences specified in this section at the “per day” rate set by Section 4.1 the Compensation Ordinance.

Section 5. Reimbursement for Actual and Necessary Expenses

Subject to the requirements of the Compensation Ordinance and this policy, FCGMA shall reimburse Board members for travel, meals, lodging, and other actual and necessary expenses incurred during attendance or participation in the meetings and occurrences specified in Section 4 of the Compensation Ordinance and Section 4 of this policy.

FCGMA shall reimburse Board members for authorized travel, meals, lodging, and other actual and necessary expenses consistent with U.S. Internal Revenue Service rates for travel, meals, lodging, and other actual and necessary expenses as established in Publication 463 or any successor publication.

Members of the Board shall use government and group rates offered by a provider of transportation or lodging services for travel and lodging when available. If the lodging is in connection with a conference or educational activity conducted in compliance with Government Code section 54952.2(c), including, but not limited to, ethics training required by Government Code section 53234 et seq., lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available to the member of a legislative body at the time of booking. If the group rate is not available, the member of a legislative body shall use comparable lodging that is consistent with the requirements of Government Code section 53232.2(c) and (e).

If a member of a legislative body chooses to incur additional costs that are above the rates established in this policy and those costs have not been approved in advance by the Board, then the Board member may incur those costs at his or her own expense.

All expenses that do not fall within the adopted travel reimbursement policy or the U.S. Internal Revenue Service rates, shall be approved by the governing body, in a public meeting before the expense is incurred.

Section 6. Expense Reports Required

FCGMA will reimburse Board members for their actual and necessary expenses only upon submitting an expense report that satisfies the following requirements:

- Expense reports shall be prepared using the attached form.
- Expense reports shall document only those expenses authorized by this policy.

- Expense reports shall be submitted by Board members within **PLACEHOLDER** days after incurring the expense.
- Expense reports shall be accompanied by the receipts documenting each expense.

Board members shall provide brief reports on meetings and occurrences attended at FCGMA's expense at the next regular meeting of the Board.

Section 7. Ethics Training Required

In accordance with Government Code section 53232, each FCGMA Board member shall receive at least two hours of training in general ethics principles and ethics laws relevant to the FCGMA Board member's service every two years.

A FCGMA Board member who serves more than one local agency shall satisfy the ethics training requirement once every two years without regard to the number of local agencies with which the member serves.

FCGMA Board members shall be responsible for obtaining certificates or proofs of participation in required ethics trainings or course and providing them to the FCGMA Clerk of the Board. Certificates or proofs of participation must indicate (i) the date that the FCGMA Board member satisfied the ethics training requirement; and (ii) the entity that provided the training.

FCGMA shall maintain these certificates or proofs of participation for at least five years. Certificates or proofs of FCGMA Board member participation in required ethics training course shall be maintained by FCGMA for at least five years and are records subject to disclosure under the California Public Records Act, Government Code section 7920.000 et seq.

Section 8. Amendment

This policy may be amended at a public hearing of the Board to specify other types of meetings and occurrences for which Board members be compensated for their attendance.

The Compensation Ordinance must be amended in order to change the amount or rate of compensation or reimbursement paid to Board members for their attendance at specified meetings and occurrences and for reimbursement of actual and necessary expenses.

The Board may review and amend this policy, as provided herein, at any time. In addition, this policy shall be reviewed any time the Board reviews or amends the Compensation Ordinance.

Section 9. Miscellaneous

In the event of a conflict between this policy, the Compensation Ordinance, and the requirements of Water Code section 20200 et seq. or Government Code section 53232 et seq., the order of precedence shall be as follows: (1) Water Code section 20200 et seq.; (2) Government Code section 53232 et seq.; (3) the Compensation Ordinance; and (4) this policy.

Board members are responsible for complying with the rules, requirements, policies, and procedures governing the payment of compensation and reimbursement to board members of their respective member agencies.

DRAFT

Fox Canyon Groundwater Management Agency Board of Directors Compensation

Item No. 16 – October 22, 2025



Jason Canger
Assistant Agency Counsel

Introduction & Background

- FCGMA Directors have never been compensated for their services on behalf of the agency
- Fox Canyon Groundwater Management Agency Act neither authorizes nor prohibits compensation of directors
- Water Code authorizes “water districts” to authorize compensation of their legislative body/governing board for attendance at meetings, events, functions
- Separate authorization required to authorize reimbursement of members’ actual and necessary expenses related to attendance

Authorization Process; Limitations

- Authorization to compensate must be approved in ordinance
 - Notice and hearing required
 - Notice pursuant to Government Code section 6066 [once per week for two weeks]
- Ordinance can authorize compensation for up to 10 days in any calendar month
- Initial compensation amount can be up to \$100/day
- Can increase compensation annually BUT...
 - Only with adoption of a subsequent ordinance
 - “[T]he increase may not exceed an amount equal to 5 percent, for each calendar year following the operative date of the last adjustment, of the compensation which is received when the ordinance is adopted.” (Wat. Code, § 20202.)
- Adoption of companion “policy” required to authorize additional compensation and reimbursement of actual and necessary expenses

Covered Meetings, Events & Functions

- Adoption of ordinance would authorize compensation for FCGMA Board members attendance at following meetings, functions, events:
 - FCGMA Board meetings
 - FCGMA advisory committee meetings
 - LPV Watermaster stakeholder advisory committee meetings
 - Certain ethics trainings
 - Other meetings as directed by FCGMA Board
- Attendance at other types of meetings, functions, events require adoption of separate “policy”

Other Compensation; Reimbursement

- A separate “policy” must be approved to compensate for attendance at other types of meetings and for actual and necessary expenses
- Actual and necessary expenses include:
 - Travel related to covered meetings
 - Meals related to covered meetings
 - Lodging related to covered meetings
 - Other actual/necessary expenses determined by your Board (if any)
- Reimbursement rates set by US Internal Revenue Service, Publication 463
 - But Board may adopt own rates
 - Statute requires that government or group rates be used for lodging and transportation services
- Expenses not covered by ordinance or policy will be responsibility of individual FCGMA Board members

Requirements

- If authorize either compensation or reimbursement, then your Board will be required to complete at least two hours of training in general ethics principles and ethics every two years.
 - Gov. Code 53235(a)(1): “If a local agency provides any type of compensation, salary, or stipend to a member of a legislative body, or provides reimbursement for actual and necessary expenses incurred by a member of a legislative body in the performance of official duties, then all local agency officials shall receive training in ethics pursuant to this article.”
- If authorize reimbursement, then FCGMA Board members will be required to submit reimbursement forms to demonstrate the expenses meet policy requirements
 - Forms must be submitted within a reasonable amount of time after expense incurred
- These are threshold matters
 - Is your Board willing to attend ethics trainings every two years?
 - Is your Board willing to submit expense reports in order to be compensated, reimbursed?

Needed Direction

- Types of Compensable Meetings (\$100/day)
 - FCGMA Board
 - FCGMA standing advisory committees
 - LPV Watermaster stakeholder advisory committees (PAC, TAC)
 - Conferences and organized education activities exempted from the Brown Act, including ethics trainings
 - Meetings of the Water Issues Committee of the Association of Water Agencies of Ventura County
 - Others???

- Types of Reimbursable Expenses (specified rates)
 - Travel, meals, lodging related to covered meetings
 - Others???

Needed Direction [CONT]

■ Rates of Reimbursement

- Draft policy incorporates U.S. Internal Revenue Service rates for reimbursement of travel, lodging, and meal expenses
 - Statute requires use of government or group rates for travel and lodging expenses
- But statute allows your Board to set rates (rather than adopting US IRS rates)
- Do you want to adopt independent reimbursement rates?

■ Submission of Expense Reports

- Board members must “submit expense reports within a reasonable time after incurring the expense, as determined by the legislative body, and the reports shall be accompanied by the receipts documenting each expense.” (Gov. Code, 53232.3(c).)
- How long (number of days) after incurring expenses must FCGMA members submit expense reports to qualify for reimbursement
 - Expense reports not submitted within time period would not be accepted for reimbursement

Needed Direction [CONT]

- Periodic Review of Ordinance and Policy
 - Statutes do not require review of ordinance and policy
 - Currently, ordinance and policy scheduled for review by your Board once every 36 months
 - Keep or delete review requirements? Adjust frequency of review?



QUESTIONS

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*
Michael Craviotto, *Farmer, Agricultural Representative*
Lynn Maulhardt, *Director, United Water Conservation District*
Tony Trembley, *Councilmember, City of Camarillo*

EXECUTIVE OFFICER
John Demers

October 22, 2025

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

SUBJECT: Approval of Watermaster Response Report to LPV Policy Advisory Committee Recommendation Report Regarding LPV Basin Optimization Project; Purchase of Imported Water from CMWD for Basin Replenishment (Calleguas In-Lieu Program) Implementation [LPV Watermaster] – (New Item)

RECOMMENDATIONS: (1) Receive an Agency Presentation on the Purchase of Imported Water from CMWDS (Calleguas In-Lieu Program), (2) Approve the Response Report to the Policy Advisory Committee Recommendation Report, and (3) Provide direction to staff.

BACKGROUND:

The Judgment requires Watermaster prepare a Basin Optimization Yield Study (BOYS) that will establish the operating yield, and in turn the amount and rate of rampdown, in each water year (WY) through WY 2039 such that the operating yield and sustainable yield for the Las Posas Valley (LPV) Basin match by WY 2040, resulting in sustainable management of the LPV Basin in accordance with the Sustainable Groundwater Management Act (SGMA). (Judgment, §§ 3.3, 4.10, 5.1.) Critical to the development of the of BOYS is the Basin Optimization Plan (BOP), whose purpose is to evaluate and select the “Basin Optimization Projects that are likely to be practical, reasonable, and cost-effective to implement prior to 2040 to maintain the Operating Yield at 40,000 AFY [acre-feet per year] or as close thereto as achievable.” (Judgment § 5.3.2.2.)

On February 7, 2025, as part of the BOP development process, the Policy Advisory Committee (PAC) recommended Watermaster pursue projects and programs that are low-cost and readily implementable. In the same recommendation report, the PAC declared support for the Least-Cost Acquisition Program and the Calleguas In-Lieu Program and recommended that Watermaster staff work with Calleguas and pertinent pumpers to develop proposals for the two programs. The Least Cost Acquisition Program, “seeks to develop a program for the least cost acquisition of Allocation Basis, Annual

Allocation and/or Carryover, as an alternative to Basin replenishment and/or rampdown,” while the Calleguas In-Lieu Program, would supply imported water In-Lieu of groundwater extraction in two parts of the LPV Basin exhibiting chronic groundwater level declines” (Las Posas Valley Basin Optimization Plan, 2025). In response, Calleguas, with input from Zone Mutual Water Company, Ventura County Waterworks Districts Nos. 1 and 19, representatives from agricultural Constituency Groups, and FCGMA/Watermaster staff, prepared a memo describing the path to implement an in-lieu program. The PAC reviewed the draft memo, discussed the program and approved submitting the memo as a Recommendation Report to Watermaster as provided for in the Judgment (Exhibit 17A).

DISCUSSION:

On June 25, 2025, your Board adopted the Las Posas Valley Optimization Plan (BOP), following Committee Consultation. The adopted BOP includes a budget and timeline for implementation of recommended Basin Optimization Projects, including the purchase of imported water from Calleguas Municipal Water District for basin replenishment and the In-Lieu Program. The PAC In-Lieu Program Recommendation Report provides background on previous in-lieu programs, recommendations and an outline for implementation.

In general, staff agree with the PAC memo’s description of the In-Lieu Program and its recommendations. However, staff note that there is need for greater clarity in some sections of the In-Lieu Program Recommendation Report. Thus, staff have provided a detailed Response Report (Exhibit 17B). More specifically, the Response Report identifies the need for more detail and transparency in how Calleguas intends to apply several of its own administrative charges and policies:

- The PAC Recommendation Report identifies two Calleguas charges, a Capacity Charge (CC) and a Readiness to Serve (RTS) charge, that may apply to the In-Lieu Program. However, the Report does not describe with certainty whether and/or how these charges may apply to the In-Lieu Program;
- The PAC Recommendation Report does not provide the amount/rate of CC and RTS charges for high and low periods. In the absence of these amounts/rates, full costs for the In-Lieu Program cannot be calculated;
- The PAC Recommendation Report includes a foot note recommendation that the In-Lieu Program operate during the low-demand period between October 1 and April 30, but it does not include any analysis of Water Right Holders’ or the LPV Basin’s water demands during either the low or demand periods; consequently, the success of the In-Lieu Program cannot be determined at this time; and
- Staff estimates that the annual allocation of WMID’s within United Water Conservation District’s service area is about 1,200 AF higher than estimated in the PAC Recommendation Report, which will have a direct impact on funds raised for implementation of the In-Lieu Program.

Staff's Response Report recommends that Calleguas provide clarity on how CC and RTS charges may apply to the In-Lieu Program, the amount/rate of CC and RTS charges for both the high and low periods that will enable calculation of the full costs of the In-Lieu Program, an analysis of the participating purveyors water demands during both the low and high demand periods to evaluate which period would benefit most from such a program and finally, your Board following PAC consultation develop policy guidance on Basin Optimization Project Assessments for Water Right Holders that already pay an assessment to United Water Conservation District for replenishment activities.

CONCLUSION:

Agency staff recommends your Board (1) receive and file this presentation, (2) approve the attached Response Report to the Policy Advisory Committee Recommendation Report, and (3) provide any direction to staff.

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

Sincerely,



Kudzai Farai Kaseke (Ph.D., PH, PMP, CSM)
Assistant Groundwater Manager

Attachment:

Exhibit 17A – PAC Recommendation Report, September 4, 2025

Exhibit 17B – Watermaster Response Report, October 8, 2025

TO: Las Posas Valley Watermaster

FROM: Las Posas Valley Watermaster Policy Advisory Committee

RE: Recommendation Report: Calleguas In-Lieu Program Memo

DATE: September 4, 2025

The Las Posas Valley Watermaster Policy Advisory Committee (PAC) provides this Recommendation Report on the Calleguas In-Lieu Program.

Recommendation:

See attached memo for recommendation.

Policy Rationale for Recommendation:

See attached memo for policy recommendation.

Summary of Facts in Support of Recommendation:

See attached memo for summary of facts.

Tally of Committee Member Votes:

	YES	NO	ABSTAIN	ABSENT
Ian Prichard, Calleguas MWD	X			
Paul Chan, VC WWD No. 1 & 19*				
John Menne, Zone MWC	X			
Rob Grether, West LPV Large Ag	X			
David Schwabauer, East LPV Large Ag	X			
Patricia Martinez, East LPV Small Ag				X
Richard Cavaletto, West LPV Small Ag	X			
Laurel Servin, East LPV MWC	X			
Steven Murata, West LPV MWC	X			
Arturo Aseo, Commercial	X			
<i>*As of the date of this vote, Mr. Chan was nominated by Ventura County Waterworks to serve as the agency representative on the PAC but had not been confirmed by the Watermaster Board. As such, he did not cast a vote.</i>				

Report of Bases for Majority and Minority Committee Member Positions: N/A

PAC Recommendation Report Regarding the Calleguas In-Lieu Program

On February 7, 2025, the PAC addressed a letter to the Watermaster declaring its support for two of the programs listed in the draft Basin Optimization Plan: the Least-Cost Acquisition Program and the Calleguas In-Lieu Program. The PAC recommended that Watermaster staff work with Calleguas and pertinent pumpers to develop proposals for the two programs.

In response, Calleguas, with input from Zone Mutual Water Company, Ventura County Waterworks Districts Nos. 1 and 19, representatives from agricultural Constituency Groups, and FCGMA/Watermaster staff, prepared a memo describing the path to implement an in-lieu replenishment program.

The PAC reviewed the memo and discussed the program and draft memo at the August 7, 2025 meeting and approved submitting the attached memo as a Recommendation Report at September 4, 2025 meeting.

REDDY PAKALA, SECRETARY
DIVISION 3

SCOTT H. QUADY, DIRECTOR
DIVISION 2



THIBAUT ROBERT, VICE PRESIDENT
DIVISION 4

JACQUELYN MCMILLAN, TREASURER
DIVISION 5

KRISTINE MCCAFFREY
GENERAL MANAGER

web site: www.calleguas.com

2100 OLSEN ROAD • THOUSAND OAKS, CALIFORNIA 91360-6800 805/526-9323 • FAX: 805/522-5730

TO: Las Posas Valley Basin Watermaster

DATE: September 4, 2025

FROM: Ian Prichard, Deputy General Manager

RE: In-Lieu Programs for the Las Posas Valley Basin Watermaster

On February 7, 2025, the Las Posas Valley Basin Watermaster Policy Advisory Committee (PAC) addressed a letter to the Watermaster declaring its support for two of the programs listed in the draft Basin Optimization Plan (BOP): the Least-Cost Acquisition Program and the Calleguas Municipal Water District (Calleguas) In-Lieu Program. The PAC recommended that Watermaster staff work with Calleguas and pertinent pumpers to develop proposals for the two programs.

In response, Calleguas has, with input from Zone Mutual Water Company (MWC), Ventura County Waterworks Districts (VCWWD) Nos. 1 and 19, and representatives from agricultural Constituency Groups in the East and West Las Posas Management Areas, prepared this memo describing the path to implement a program to replenish the Las Posas Valley Groundwater Basin (LPV Basin) via in-lieu deliveries of imported water. The memo provides pertinent background, describes key constraints and differences from previous in-lieu programs in the area, and recommends solutions.

From a high-level perspective, it is straightforward: Calleguas purveyors in the LPV, who already receive imported water and pump groundwater, would simply receive additional imported water and pump less groundwater. Watermaster would pay the difference between the cost of Calleguas's imported water and a purveyor's pumping costs, with the unpumped allocation staying in the ground as replenishment water.

The infrastructure to accomplish the additional imported water deliveries exists and is currently functional. The Judgment provides the institutional mechanism: Section 5.6 states that, "Watermaster may compel a Water Right Holder to take delivery of In Lieu Water as a substitute for the Use of the Water Right Holder's Annual Allocation... provided that... such substitution will not

adversely and materially affect the quality of the Party's water supply or their cost of operation.” The quality of Calleguas's water supply is not an issue. All that remains is an administrative process to render in-lieu deliveries from Calleguas cost-neutral, which would occur through Watermaster's subsidization, with funds generated by the Basin Assessment, of the difference between a Party's cost to pump groundwater and the Tier 1 cost of Calleguas water.

General Background

Calleguas is a wholesale water provider operating in southeastern Ventura County. Calleguas sources water from the Metropolitan Water District of Southern California (Metropolitan) through a connection in Chatsworth. Metropolitan is a State Water Project Contractor. Calleguas's and Metropolitan's boundaries in Ventura County are coterminous.

Calleguas delivers imported water to 19 retail water providers (purveyors). These deliveries are made through 98 “turnouts”: large meter stations that can be operated on demand or in automatic “float” mode. All purveyors have points of connection to the Calleguas system.

In the LPV Basin, Calleguas purveyors include Crestview MWC, California-American Water Company, Solano Verde MWC, Zone MWC, and VCWWD-19 in the West Las Posas Management Area (WLPMA); VCWWD-1, VCWWD-19, Zone MWC, and Berylwood Heights MWC in the East Las Posas Management Area (ELPMA). Zone and VCWWD-19 straddle the two management areas.

Because the LPV groundwater adjudication was conducted pursuant to both *in personam* and *in rem* jurisdiction, Calleguas and all its purveyors in the LPV Basin are party to the Judgment. Metropolitan is not.

A number of other mutual water companies and individual landowners who are not Calleguas purveyors produce groundwater from the LPV Basin. These are also party to the Judgment pursuant to the Court's *in rem* jurisdiction.

A portion of the western LPV Basin, approximately 10 percent by land area, is outside Calleguas's service area boundary. Mutual water companies and landowners in this area of the western WLPMA are inside the United Water Conservation District (United) boundary. Properties located within the boundary hold approximately 17 percent of the LPV Annual Allocation, or **6,795.86 AF** of the 40,000 AF in Water Year (WY) 2025. United is within the Ventura County Watershed Protection District State Water Contractor area and recharges the LPV Basin in the western WLPMA, in part with State Water Project water it brings down the Santa Clara River. However, United currently has no means of delivering water directly to any WLPMA property.

Over the last ten years, Calleguas has delivered approximately 8,000 AFY on average to its customers in the LPV Basin. Calleguas's ten-year average deliveries to its entire service area, both within and outside the LPV Basin, are approximately 83,000 AFY. Deliveries peaked at approximately 128,000 AFY in the 2006-2008 period. Barring an extended, extreme dry period, such as the region experienced in 2020-2022, Calleguas anticipates having sufficient supply from Metropolitan to meet the additional demand of the proposed in-lieu program.

ASR Wellfield

Calleguas owns and operates the Las Posas Aquifer Storage and Recovery (ASR) Wellfield in the ELPMA, which provides a mechanism to inject and extract stored imported water as a backup water supply source for Calleguas's customers. Built in the 1990s and early 2000s, the Wellfield consists of 18 injection/extraction wells (plus a 19th for extraction only at a nearby location that will return to service in the next couple years), a disinfection facility, and a 5-million-gallon aboveground reservoir. One hundred percent of the water injected at the Wellfield is imported water. From 1993 to 2022, the Wellfield went through two large storage and recovery phases. As of this writing, Calleguas has approximately 23,000 AF of water stored at the Wellfield. Calleguas's storage account has never gone negative.

The Judgment provides that Calleguas's operation of the Wellfield is intended as a water source for Calleguas customers under four scenarios: a maintenance outage; in response to shortages per Water Code section 10632(a)(3)(A); a catastrophic system outage; and regular Wellfield operation and maintenance. (See Judgment at Section 8.3.) Additional uses of the Wellfield are to be explored in the Calleguas ASR Project Operations Plan required by the Judgment's Section VIII. The Calleguas ASR Project Operations Plan will include, among other subjects, evaluation of the use of in-lieu deliveries "more optimally to achieve Basin management objectives."

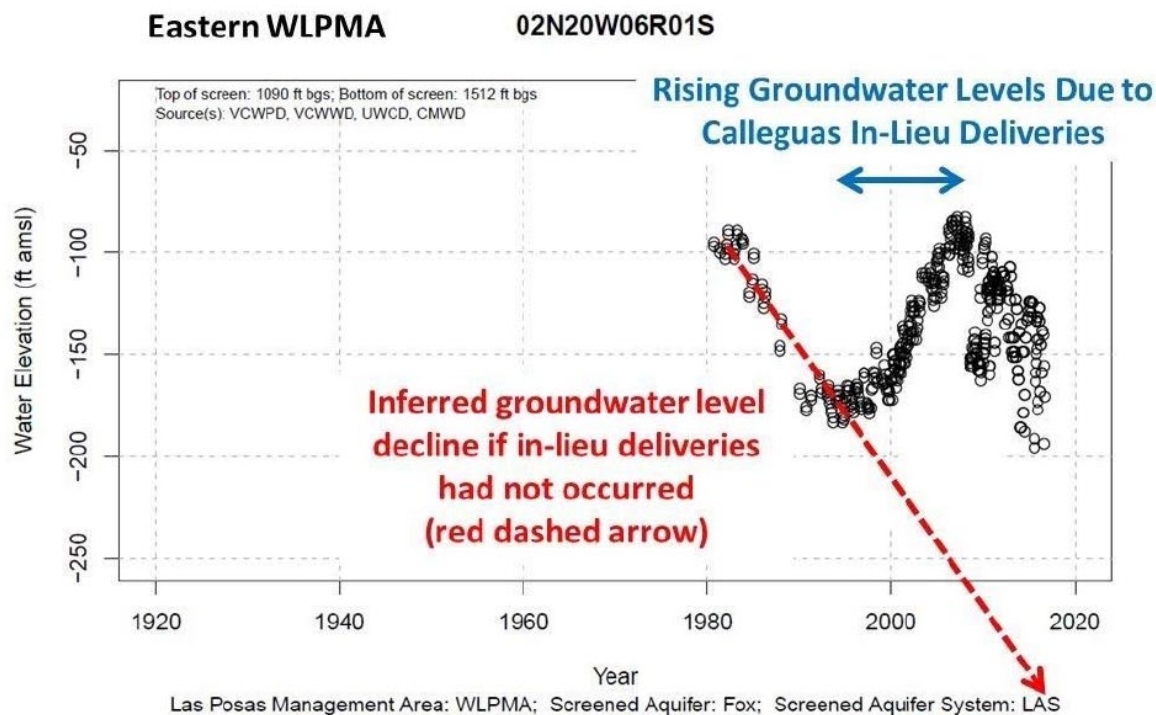
Previous In-Lieu Programs

Between 1994 and 2016, Calleguas and its purveyors across the LPV Basin collaborated on in-lieu programs. Each of these programs was administered by a separate agreement between Calleguas and the purveyor that was approved by the Fox Canyon Groundwater Management Agency (FCGMA). The purveyor would reduce or stop groundwater production, Calleguas would deliver imported water to meet the purveyor's needs, and their unused groundwater would be banked in Calleguas's name.

As of this writing, Calleguas has approximately 31,540 AF of groundwater credits stored in the LPV Basin through these programs. (This is separate from imported water stored through injection at the Wellfield.) Approximately 80% of existing credits are stored in the WLPMA and the majority of those were accumulated through an agreement between Calleguas and VCWWD No. 19. All of

these previous in-lieu programs were straightforward in that only Calleguas and its purveyor were involved (with approval from the FCGMA). Calleguas maintains and reports to the FCGMA its credit account balance. Calleguas has not recovered any of the stored water in the WLPMA (a total of approximately 25,192 AF of credits).

The existing groundwater monitoring network demonstrated positive responses in groundwater levels in areas where groundwater pumping was suspended during these programs. The graph below, which was included in an April 18, 2018 Calleguas comment on the November 2017 preliminary draft of the Las Posas Valley Basin Groundwater Sustainability Plan, demonstrates the positive impact of in-lieu deliveries from the mid-1990s through the late 2000s on groundwater levels in the eastern WLPMA. The groundwater monitoring network continues to function today.



Proposed Watermaster In-Lieu Program

As Calleguas understands the proposal for an in-lieu program described in the Judgment, replenishment fees raised by the LPV Basin assessment would pay for imported deliveries to Calleguas purveyors in the LPV Basin, who also pump groundwater, in lieu of them pumping. Physically, this is the same mechanism as the previous in-lieu programs described above. The purveyor would reduce or stop pumping and Calleguas would deliver additional imported water. Purveyors control when to stop pumping and take in-lieu water and where within their system (if they have more than one turnout) they take deliveries. All the infrastructure that made previous

programs possible still exists and much of it is automatic. Institutionally, however, there are two key differences between these previous programs and the new program proposed here.

First, this in-lieu program is intended to directly offset pumping with a like amount of imported water to permanently conserve that increment of pumping underground.

Second, the arrangements needed for the proposed in-lieu program would change. Instead of an agreement between the purveyor and Calleguas, there would need to be an arrangement between the purveyor and the Watermaster to offset the additional costs of the Calleguas water supply compared with pumped groundwater. All else being equal, the Watermaster would pay the purveyor the difference between the purveyor's cost to pump groundwater and the cost to purchase imported water from Calleguas (for example, currently, the Tier 1 rate in 2025 is \$1,895¹) and divide that cost over the total LPV Basin allocation in that year (40,000 AF in WY 2025). However, Section 7.9 of the Judgment provides that "Watermaster may reduce the amount of the Basin Assessment levied on Water Rights Holders that pay an assessment to UWCD if Watermaster determines, following Committee Consultation, that such a reduction is appropriate as a matter of equity." Water rights holders that pay assessment to UWCD hold 6,795.86 AF of "Allocation Basis" under the Judgment. Any offset of Basin Assessments authorized by Watermaster for these water rights holders would not be a full offset of the Basin Assessment, but rather only a partial offset reflective of the amount of the UWCD assessment that funds UCWD's replenishment activities. That amount cannot be readily determined for the purposes of this memorandum, but the potential for such a reduction is noted. Zone and VCWWD Nos. 1 and 19 are prepared to participate in this initial phase of the program. They are the only purveyors in the Las Posas Valley with wells in the two areas in which the GSA projects minimum threshold exceedances will occur. Recharging with in-lieu deliveries in these service areas would most efficiently maximize basin yield. They have also participated in Calleguas in-lieu programs from 1994-2008, shortening the runway to implementation, and have significant demand (>5,000 AFY from the LPV Basin), allowing for significant impact in any given year. Utilizing Calleguas's and FCGMA's existing groundwater monitoring networks, the impacts of the program on water levels will be measurable.

¹ The Tier 1 cost does not include the Capacity Charge (CC) or the Readiness to Serve (RTS) charge, both of which are a calculated rate charged to retailers based on flow and volume, respectively. The CC is intended to recover the cost of providing peaking capacity within the distribution system and is based on the calculated total average flow rate that occurs between May 1 and September 30. The CC can be significant and it is recommended that the in-lieu program be designed to operate in the low-demand period, between October 1 and April 30, to avoid incurring the CC. The RTS is intended to recover the principal and interest payments on Metropolitan's non-tax-supported debt service issued to fund capital improvements necessary to meet the continuing reliability and water quality needs associated with projected demands and is assessed on a ten-year rolling average of annual water purchases. How the RTS affects the cost of water will be determined on a case-by-case basis in concert with the retailer. Calleguas's rates are adjusted every January 1 and are available at the District website, www.calleguas.com.

Table 1, Replenishment Water Availability and Pumping Cost, includes the Allocation Basis of each of the four identified purveyors as listed in the Judgment’s Exhibit C. The column titled “Available for Replenishment” represents the amount of groundwater, on an annual basis, the purveyor estimates they can offset through in-lieu deliveries from Calleguas and leave in the LPV Basin as replenishment water. For the estimates in the next “Pumping Cost” column, purveyors provided pumping-cost estimates, for the purposes of this memo only, to give a sense of the scale of the program cost and the difference between purveyors. This “Available for Replenishment” column and the next “Pumping Costs” column were provided by VCWWD and Zone in April/May 2025 and should be considered “initial estimates” for demonstration purposes. Finally, the “Replenishment Cost” column simply subtracts the pumping cost from the Calleguas Tier 1 Rate. As Table 1 demonstrates, the higher the purveyor’s costs to pump groundwater, the lower the cost to the Watermaster of conserving that groundwater as replenishment water.

Table 1. Replenishment Water Availability and Pumping Cost					
Calleguas Purveyor	WY2024 Allocation (AF)	Available for Replenishment (AF)	Pumping Cost per AF	Calleguas Tier 1 Rate*	Replenishment Cost per AF*
VCWWD No. 1	2,548.44	2,161.76	\$800	\$1,895	\$1,095
VCWWD No. 19 – ELPMA	478.44	298.87	\$800		\$1,095
VCWWD No. 19 – WLPMA	1,905.72	1,191.05	\$800		\$1,095
Zone **	4,626	2,000	\$300		\$1,595
Total		5,651.68			
* Does not include CC and RTS as described in footnote 1.					
** Zone’s Allocation Basis is the aggregated exclusive shareholder allocations the mutual manages.					

An early draft of the Watermaster FY2025-26 budget included a \$50/AF replenishment fee that could have gone towards purchasing in-lieu water from Calleguas under this program. The fee was left out of the final FY2025-26 budget because the administrative process to collect a Basin Assessment from only a portion of the Water Rights Holders in the basin had not yet been developed. As discussed above, the Water Rights Holders in the western portion of the West Las Posas—representing 6,795.86 AF of Allocation Basis—would not be subject to the replenishment fee, in light of the equitable adjustment framework provided in Section 7.9 of the Judgment. Levying

a \$50/AF replenishment fee on the 33,804.14 AF of “participating” allocations² would provide just shy of \$1.7 million of funding for an “Initial Replenishment Fund.”

Table 2, Potential Replenishment Volumes, demonstrates how much water could be replenished through each participating purveyor. The fourth column, “AF of Replenishment,” divides that estimated “Initial Replenishment Fund” by the “Replenishment Cost” provided by each purveyor to demonstrate how many acre feet could be replenished through each participating purveyor with a \$50/AF replenishment fee.

Increasing the replenishment fee collected as part of the LPV Basin assessment could provide for additional replenishment water. The cost to maximize in-lieu deliveries to VCWWD Nos. 1 and 19 and leave their entire 3,651.68 AF of allocation in the ground in WY25 would be approximately \$3,998,590. Replacing all of Zone’s 2,000 AF would cost approximately \$3,190,000.

Table 2. Potential Replenishment Volumes			
Calleguas Purveyor	Initial Replenishment Fund	Replenishment Cost per AF*	AF of Replenishment
VCWWD No. 1	\$1,690,207	\$1,095	1,544
VCWWD No. 19 – ELPMA		\$1,095	1,544
VCWWD No. 19 – WLPMA		\$1,095	1,544
Zone		\$1,595	1,095
Replenishment Cost per AF = Calleguas Tier 1 (\$1,895 in 2025) minus Pumping Cost per AF			
* Does not include CC and RTS as described in footnote 1.			

Implementation

To put this program into effect, the following series of actions would need to occur.

1. Watermaster staff confirms ability to apply Calleguas In-Lieu Program replenishment fees to only “participating” WMIDs.
2. Watermaster creates “Initial Calleguas In-Lieu Replenishment Fee” line item in Watermaster budget, with the Board establishing an initial target replenishment volume.

² This memo does not consider the administrative mechanism by which Watermaster would need to adjust basin assessment billing to add this replenishment fee to only participating WMIDs.

Watermaster could fund this with surplus FY24-25 funds or collect it as part of the FY25-26 basin assessment. TAC and PAC are available for constituent input on this process, in addition to Watermaster Board and Committee meetings.

3. Watermaster, with TAC input, identifies key monitoring wells to be used to evaluate program impact, establishes baseline conditions, and creates a reporting mechanism, ideally included as a new component in the Groundwater Sustainability Plan Annual Report.
4. Watermaster develops arrangements with Zone and VCWWD Nos. 1 and 19 to offset specific amounts of allocation in WY25. The arrangements would:
 - a. Identity which wells would be used and where pumping would be reduced, with selections reviewed by the TAC;
 - b. Specify the amount of in-lieu deliveries to be debited from the participating pumper's annual allocation available to be pumped and include an acknowledgment that pumping above the remainder would incur and Overuse Assessment and that pumping under the remainder would result in accrual of Carryover
 - c. Specify the cost, per acre foot, of in-lieu imported water deliveries from Calleguas, including any ongoing charges by Calleguas triggered by their participation, to calculate the amount of subsidization necessary to offset the increased cost of using Calleguas water in lieu of groundwater
 - d. Include a mechanism to verify participants' cost to produce water, including power, chemical, and the avoidance of FCGMA extraction fees and Watermaster basin assessments, and assuring that costs not directly applicable to well operation are not included
5. Zone and VCWWD Nos. 1 and 19 increase deliveries from Calleguas to decrease groundwater production.
6. Upon confirmation of groundwater conservation, Watermaster pays the participant for the conserved groundwater.

Conclusion

Replenishing the LPV Basin through a Calleguas In-Lieu Program is a low-risk mechanism to conserve groundwater. While it would be a new Watermaster program, its efficacy has been

demonstrated many times over the last 30 years. The infrastructure is in place. Calleguas, Zone, and VCWWD are standing by.

A Calleguas In-Lieu Program supports sustainable groundwater management in the LPV Basin consistent with the Judgment. It is flexible. Initiate the program whenever it's needed. Ramp it up or down as hydrology demands and funding allows. Calleguas water may not be participants' cheapest source of water, but it is available under all but the most extreme conditions. Taking advantage of it now, or at least establishing the mechanism to do so, when conditions are favorable and the stakes are comparably low, will make it easier to do so again in the future.

Calleguas strives to support the Watermaster in this endeavor and in other efforts to achieve sustainability in the LPV Basin.

LAS POSAS VALLEY WATERMASTER RESPONSE REPORT

Date: October 08, 2025

To: Las Posas Valley Watermaster Board of Directors

From: Kudzai Farai Kaseke, Assistant Groundwater Manager (FCGMA)

Re: Response Report to PAC Consultation Recommendation Report, Calleguas In-Lieu Program Memo

The Las Posas Valley (LPV) Policy Advisory Committee (PAC) requested that Calleguas Municipal Water District (Calleguas) develop a memo with recommendations regarding the in-lieu program proposed in the Basin Optimization Plan. The PAC submitted a recommendation report via email September 18, 2025. The recommendation report is dated September 4, 2025, and consists of a transmittal and a nine-page memo prepared by Calleguas also dated September 4, 2025, regarding the “In-Lieu Programs for the Las Posas Valley Basin Watermaster.” The PAC’s transmittal states that Calleguas prepared the memo with input from Zone Mutual Water Company, Ventura County Waterworks Districts Nos. 1 and 19, representatives from agricultural Constituency Groups, and Fox Canyon Groundwater Management Agency (FCGMA) / Watermaster staff.

The Calleguas Memo provides background on previous in-lieu programs, recommendations in text for the proposed Watermaster in-lieu program, and an outline for implementation. The Calleguas Memo does not include enumerated recommendations typical of committee recommendation reports. Therefore, this Watermaster response report addresses specific policy recommendations contained in the Calleguas Memo, organized by the topics with input from Zone Mutual Water Company, Ventura County Waterworks Districts Nos. 1 and 19, representatives from agricultural Constituency Groups, and FCGMA/Watermaster staff Memo.

General Background

In the General Background section, Calleguas provides an overview of its wholesale water operation and identifies the Calleguas purveyors in the LPV Basin; it states that Metropolitan Water District of Southern California (Metropolitan) is not a party to the Judgment; identifies the portion of LPV Annual Allocation held by WMID’s inside the United Water Conservation District boundary in the West Las Posas Management Area (WLPMA); and summarizes the ten-year average water deliveries to Calleguas customers in the LPV Basin. Lastly, Calleguas states that it anticipates having sufficient supply from Metropolitan to meet the additional demand of the proposed in-lieu program.

Response to General Background:

The General Background section does not include specific recommendations, therefore, no Watermaster response is required.

ASR Wellfield

The ASR Wellfield section includes a brief description of Calleguas' aquifer and storage recovery wellfield in the East Las Posas Management Area (ELPMA).

Response to ASR Wellfield:

The ASR Wellfield section does not include specific recommendations, therefore, no Watermaster response is required.

Previous In-Lieu Programs

The Previous In-Lieu Programs section provides a brief overview of the in-lieu programs conducted between 1994 and 2016 in the LPV Basin. This section contains representation of credits held by Calleguas in the LPV Basin and WLPMA. This section includes a hydrograph demonstrating the rise in groundwater levels in response to the previous in-lieu program at a well in the eastern WLPMA.

Response to Previous In-Lieu Programs:

The Previous In-Lieu Programs section does not include specific recommendations, therefore, no Watermaster response is required.

Proposed Watermaster In-Lieu Program

The Proposed Watermaster In-Lieu Program section includes an overview of Calleguas' understanding of how the proposed program would work [same three purveyors identified in the BOP]. This section includes two tables. Table 1, Replenishment Water Availability and Pumping Cost, provides "initial estimates for demonstration purposes" of the replenishment cost per acre-foot for each of the three Calleguas purveyors. Table 2, Potential Replenishment Volumes, provides an example of the volumes of annual replenishment that might be achieved by each purveyor.

Response to Watermaster In-Lieu Program:

Specific understandings and recommendations in the Calleguas Memo are excerpted below followed by Watermasters' response.

As Calleguas understands the proposal for an in-lieu program described in the Judgment, replenishment fees raised by the LPV Basin assessment would pay for imported deliveries to Calleguas purveyors in the LPV Basin, who also pump groundwater, in lieu of them pumping. Physically, this is the same mechanism as the previous in-lieu programs described above. The purveyor would reduce or stop pumping and Calleguas would deliver additional imported water. Purveyors control when to stop pumping and take in-lieu water and where within their system (if they have more than one turnout) they take deliveries.

Watermaster Response: Watermaster agrees with Calleguas' general understanding of the proposed in-lieu program. Watermaster notes that purveyor's control of when and where it reduces or stops pumping would be within the

constraints of the agreed upon volume of reduction and in-lieu incentive at each specific well. Furthermore, Watermaster notes that this recommendation appears to be inconsistent with footnote 1 which recommends the program operate between the low-demand period of October 1 and April 30. Watermaster's response to this recommendation is addressed below.

All the infrastructure that made previous programs possible still exists and much of it is automatic. Institutionally, however, there are two key differences between these previous programs and the new program proposed here.

First, this in-lieu program is intended to directly offset pumping with a like amount of imported water to permanently conserve that increment of pumping underground.

Watermaster Response: Watermaster agrees this is the overall purpose of the proposed in-lieu program.

Second, the arrangements needed for the proposed in-lieu program would change. Instead of an agreement between the purveyor and Calleguas, there would need to be an arrangement between the purveyor and the Watermaster to offset the additional costs of the Calleguas water supply compared with pumped groundwater.

Watermaster Response: Watermaster agrees that there would be agreements between Watermaster and the purveyors to incentivize participation by offsetting the additional cost of purchasing Calleguas water over pumping groundwater.

All else being equal, the Watermaster would pay the purveyor the difference between the purveyor's cost to pump groundwater and the cost to purchase imported water from Calleguas (for example, currently, the Tier 1 rate in 2025 is \$1,895) and divide that cost over the total LPV Basin allocation in that year (40,000 AF in WY 2025). However, Section 7.9 of the Judgment provides that "Watermaster may reduce the amount of the Basin Assessment levied on Water Rights Holders that pay an assessment to UWCD if Watermaster determines, following Committee Consultation, that such a reduction is appropriate as a matter of equity." Water rights holders that pay assessment to UWCD hold 6,795.86 AF of "Allocation Basis" under the Judgment. Any offset of Basin Assessments authorized by Watermaster for these water rights holders would not be a full offset of the Basin Assessment, but rather only a partial offset reflective of the amount of the UWCD assessment that funds UCWD's replenishment activities. That amount cannot be readily determined for the purposes of this memorandum, but the potential for such a reduction is noted.

Watermaster Response: Watermaster staff acknowledges the recommendation in the Calleguas Memo that WMIDs within the UWCD boundary which pay an assessment to UWCD may be subject to a reduced Basin Assessment for the in-lieu program, as determined by Watermaster following Committee Consultation. This is a

significant policy recommendation that would affect all Water Right Holders in the Basin, which needs to be evaluated by and decided on by the Watermaster Board. At the same time, staff note a discrepancy in the Allocation Basis held by WMIDs in the UWCD service area reported as 6,795.86 AF in the Calleguas memo, staff's analysis estimates this at 7,997.98 AF which represents about 20% of the Annual Allocation Basis for the entire basin.

[From footnote 1]: The Tier 1 cost does not include the Capacity Charge (CC) or the Readiness to Serve (RTS) charge, both of which are a calculated rate charged to retailers based on flow and volume, respectively. The CC is intended to recover the cost of providing peaking capacity within the distribution system and is based on the calculated total average flow rate that occurs between May 1 and September 30. The CC can be significant, and it is recommended that the in-lieu program be designed to operate in the low-demand period, between October 1 and April 30, to avoid incurring the CC. The RTS is intended to recover the principal and interest payments on Metropolitan's non-tax-supported debt service issued to fund capital improvements necessary to meet the continuing reliability and water quality needs associated with projected demands and is assessed on a ten-year rolling average of annual water purchases. How the RTS affects the cost of water will be determined on a case-by-case basis in concert with the retailer. Calleguas' rates are adjusted every January 1 and are available at the District website, www.calleguas.com.

Watermaster Response: Watermaster appreciates the identification of all fees that may be incurred for purchasing Calleguas water for the in-lieu program. However, the recommendation that the in-lieu program operate during the low-demand period between October 1 and April 30 is a recommendation isolated in this footnote and not considered in the text of the Calleguas Memo. The Memo does not include any consideration of whether the three purveyor's demands during this period are anywhere close to the in-lieu program's proposed demands. This implementation recommendation would need to be explored with the purveyors to evaluate its feasibility. Watermaster requests that Calleguas provide estimates of the RTS and CC charges during both the May-1-to-September-30 and October-1-to-April-30 periods so that the full costs for program implementation can be evaluated.

Zone and VCWWD Nos. 1 and 19 are prepared to participate in this initial phase of the program. They are the only purveyors in the Las Posas Valley with wells in the two areas in which the GSA projects minimum threshold exceedances will occur. Recharging with in-lieu deliveries in these service areas would most efficiently maximize basin yield. They have also participated in Calleguas in-lieu programs from 1994-2008, shortening the runway to implementation, and have significant demand (>5,000 AFY from the LPV Basin), allowing for significant impact in any given year.

Utilizing Calleguas’ s and FCGMA’s existing groundwater monitoring networks, the impacts of the program on water levels will be measurable.

Watermaster Response: Watermaster agrees that these are the purveyors that should participate in the in-lieu program. These purveyors were identified in the Basin Optimization Plan for this program and were those included in the numerical groundwater modeling projects scenario for the Basin Optimization Yield Study.

Table 1, Replenishment Water Availability and Pumping Cost, includes the Allocation Basis of each of the four identified purveyors as listed in the Judgment’s Exhibit C. The column titled “Available for Replenishment” represents the amount of groundwater, on an annual basis, the purveyor estimates they can offset through in-lieu deliveries from Calleguas and leave in the LPV Basin as replenishment water. For the estimates in the next “Pumping Cost” column, purveyors provided pumping-cost estimates, for the purposes of this memo only, to give a sense of the scale of the program cost and the difference between purveyors. This “Available for Replenishment” column and the next “Pumping Costs” column were provided by VCWWD and Zone in April/May 2025 and should be considered “initial estimates” for demonstration purposes. Finally, the “Replenishment Cost” column simply subtracts the pumping cost from the Calleguas Tier 1 Rate. As Table 1 demonstrates, the higher the purveyor’s costs to pump groundwater, the lower the cost to the Watermaster of conserving that groundwater as replenishment water.

Table 1. Replenishment Water Availability and Pumping Cost					
Calleguas Purveyor	WY2024 Allocation (AF)	Available for Replenishment (AF)	Pumping Cost per AF	Calleguas Tier 1 Rate*	Replenishment Cost per AF*
VCWWD No. 1	2,548.44	2,161.76	\$800	\$1,895	\$1,095
VCWWD No. 19 – ELPMA	478.44	298.87	\$800		\$1,095
VCWWD No. 19 – WLPMA	1,905.72	1,191.05	\$800		\$1,095
Zone **	4,626	2,000	\$300		\$1,595
Total		5,651.68			
* Does not include CC and RTS as described in footnote 1.					
** Zone’s Allocation Basis is the aggregated exclusive shareholder allocations the mutual manages.					

Watermaster Response: Watermaster appreciates the examples included in Table 1 but notes the following: 1) The volumes “available for replenishment” are greater than the volumes under consideration in the proposed in-lieu program, i.e., 1,380 AFY in

the ELPMA and 1,760 AFY in the WLPMA; 2) Presently, there is no identified need to include VCWWD-19 wells in the ELPMA in the in-lieu program; 3) Full documentation of each purveyor's current pumping costs must be provided as recommended in the Implementation section of the Calleguas Memo; and 4) Estimates of all Calleguas fees that would be incurred for program implementation, including CC and RTS, should be provided by Calleguas so that fiscal planning includes full program implementation costs.

An early draft of the Watermaster FY2025-26 budget included a \$50/AF replenishment fee that could have gone towards purchasing in-lieu water from Calleguas under this program. The fee was left out of the final FY2025-26 budget because the administrative process to collect a Basin Assessment from only a portion of the Water Rights Holders in the basin had not yet been developed. As discussed above, the Water Rights Holders in the western portion of the West Las Posas—representing 6,795.86 AF of Allocation Basis—would not be subject to the replenishment fee, in light of the equitable adjustment framework provided in Section 7.9 of the Judgment. Levying a \$50/AF replenishment fee on the 33,804.14 AF of “participating” allocations would provide just shy of \$1.7 million of funding for an “Initial Replenishment Fund.”

Watermaster Response: As discussed previously, Watermaster staff acknowledges the recommendation in the Calleguas Memo that WMIDs within the UWCD boundary which pay an assessment to UWCD not be required to pay a Basin Assessment for the in-lieu program. This is a significant policy recommendation that would affect all Water Right Holders in the Basin, which needs to be evaluated by and decided on by the Watermaster Board. However, as noted earlier, staff estimate 7,997.98 AF of allocation Basis are held by WMIDs in UWCDs service area and if exempted from this Basin Assessment, levying a \$50/AF replenishment fee on the 32,002.02 AF of “participating” allocations would provide about \$1.6 million of funding for an “Initial Replenishment Fund.

Table 2, Potential Replenishment Volumes, demonstrates how much water could be replenished through each participating purveyor. The fourth column, “AF of Replenishment,” divides that estimated “Initial Replenishment Fund” by the “Replenishment Cost” provided by each purveyor to demonstrate how many acre feet could be replenished through each participating purveyor with a \$50/AF replenishment fee.

Increasing the replenishment fee collected as part of the LPV Basin assessment could provide for additional replenishment water. The cost to maximize in-lieu deliveries to VCWWD Nos. 1 and 19 and leave their entire 3,651.68 AF of allocation in the ground in WY25 would be approximately \$3,998,590. Replacing all of Zone's 2,000 AF would cost approximately \$3,190,000.

Table 2. Potential Replenishment Volumes			
Calleguas Purveyor	Initial Replenishment Fund	Replenishment Cost per AF*	AF of Replenishment
VCWWD No. 1	\$1,690,207	\$1,095	1,544
VCWWD No. 19 – ELPMA		\$1,095	1,544
VCWWD No. 19 – WLPMA		\$1,095	1,544
Zone		\$1,595	1,095
Replenishment Cost per AF = Calleguas Tier 1 (\$1,895 in 2025) minus Pumping Cost per AF			
* Does not include CC and RTS as described in footnote 1.			

Watermaster Response: Watermaster appreciates the examples included in Table 2, but notes the following as discussed in Watermaster’s response to Table 1: 1) The volumes “available for replenishment” are greater than the volumes under consideration in the proposed in-lieu program; 2) Presently, there is no identified need to include VCWWD-19 wells in the ELPMA in the in-lieu program; 3) Full documentation of each purveyor’s current pumping costs must be provided as recommended in the Implementation section of the Calleguas Memo; and 4) Estimates of all Calleguas fees that would be incurred for program implementation, including CC and RTS, should be provided by Calleguas so that fiscal planning includes full program implementation costs.

Implementation

The Calleguas Memo includes six recommended implementation steps.

Response to Implementation

Each of the six steps recommended in the Calleguas Memo are excerpted below followed by Watermasters’ response.

1. *Watermaster staff confirms ability to apply Calleguas In-Lieu Program replenishment fees to only “participating” WMIDs.*

Watermaster Response: Watermaster understands that by “participating” WMIDs, the Calleguas Memo means those WMIDs not within and paying assessments to UWCD. As discussed previously, this policy recommendation requires evaluation and direction from the Watermaster Board. Watermaster staff confirms that if so directed by the Board, Basin Assessment fees for program implementation can be differentially applied to different groups of WMIDs.

2. *Watermaster creates “Initial Calleguas In-Lieu Replenishment Fee” line item in Watermaster budget, with the Board establishing an initial target replenishment*

volume. Watermaster could fund this with surplus FY24-25 funds or collect it as part of the FY25-26 basin assessment. TAC and PAC are available for constituent input on this process, in addition to Watermaster Board and Committee meetings.

Watermaster Response: The in-lieu program would be an ongoing program continuing from one water year to the next. Therefore, fiscal considerations including Basin Assessment need to be considered as part of the Watermaster Budget.

3. *Watermaster, with TAC input, identifies key monitoring wells to be used to evaluate program impact, establishes baseline conditions, and creates a reporting mechanism, ideally included as a new component in the Groundwater Sustainability Plan Annual Report.*

Watermaster Response: Watermaster agrees that monitoring is an important component to evaluate the effectiveness of the proposed in-lieu program and to provide information for operational considerations such as the volume and location of in-lieu water / reduced pumping needed to help assure program success. Watermaster agrees that TAC input on the monitoring program would be appropriate.

4. *Watermaster develops arrangements with Zone and VCWWD Nos. 1 and 19 to offset specific amounts of allocation in WY25. The arrangements would:*
 - a. *Identity which wells would be used and where pumping would be reduced, with selections reviewed by the TAC;*
 - b. *Specify the amount of in-lieu deliveries to be debited from the participating pumper's annual allocation available to be pumped and include an acknowledgment that pumping above the remainder would incur and Overuse Assessment and that pumping under the remainder would result in accrual of Carryover*
 - c. *Specify the cost, per acre foot, of in-lieu imported water deliveries from Calleguas, including any ongoing charges by Calleguas triggered by their participation, to calculate the amount of subsidization necessary to offset the increased cost of using Calleguas water in lieu of groundwater*
 - d. *Include a mechanism to verify participants' cost to produce water, including power, chemical, and the avoidance of FCGMA extraction fees and Watermaster basin assessments, and assuring that costs not directly applicable to well operation are not included*

Watermaster Response: Watermaster generally agrees with the item 4 program implementation recommendations, but notes “arrangements” would be agreements with the purveyors. As discussed previously, Calleguas needs to provide complete information about all fees that may be incurred including RTS and CC in order to

correctly specify the Calleguas charges in the agreements between Watermaster and the purveyors.

5. *Zone and VCWWD Nos. 1 and 19 increase deliveries from Calleguas to decrease groundwater production.*

Watermaster Response: This is consistent with Watermaster's understanding of how the in-lieu program would work.

6. *Upon confirmation of groundwater conservation, Watermaster pays the participant for the conserved groundwater.*

Watermaster Response: This is consistent with Watermaster's understanding of how the in-lieu program would work.

Watermaster Response Report to LPV Policy Advisory Committee Recommendation Report Regarding LPV Basin Optimization Project; Purchase of Imported Water from CMWD for Basin Replenishment (Calleguas In-Lieu Program)

Item 17 – October 22, 2025



Farai Kaseke (Ph.D., PH, PMP, CSM)
Assistant Groundwater Manager

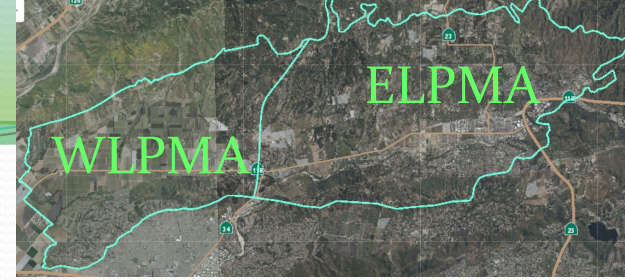
Background

- Las Posas Valley Adjudication Judgment (Judgment):
 - Requires the Watermaster prepare a Basin Optimization Yield Study (BOYS) (*Judgment, § § 3.3, 4.10, 5.1.*)
 - The Study determines the Operating Yield (OY) and the rampdown rate for each water year through WY 2039 such that Sustainable Yield (SY) and OY are the same by 2040 (*Judgment, § 4.10.2.*)
 - Critical to development of the BOYS is the Basin Optimization Plan (BOP), whose purpose is to evaluate and select the “Basin Optimization Projects that are likely to be practical, reasonable, and cost-effective to implement prior to 2040 to maintain the Operating Yield at 40,000 AFY [acre-feet per year] or as close thereto as achievable(*Judgment, § 5.3*)
 - Watermaster adopted the Initial BOP (June 25, 2025)

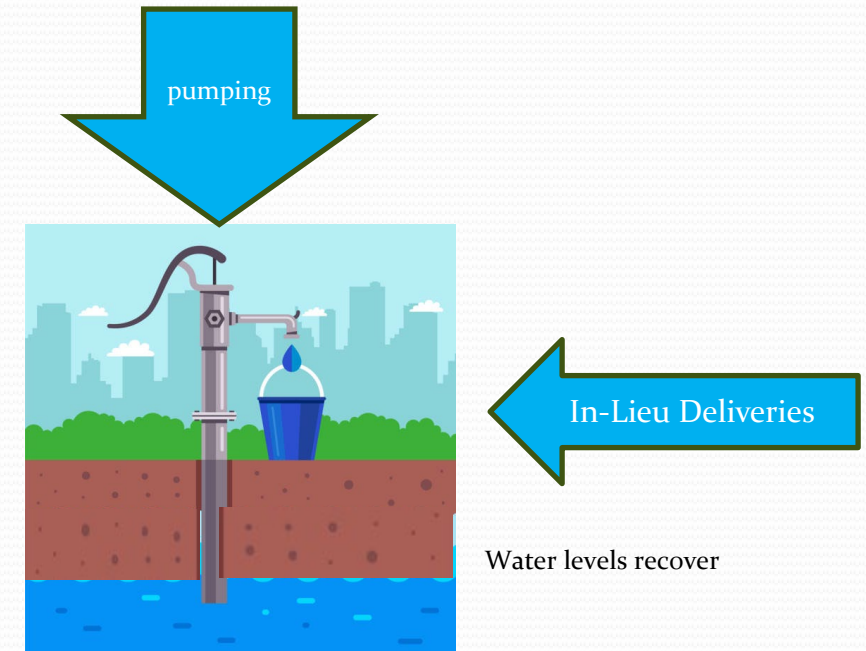
Basin Optimization Projects

1. Removal of *Arundo donax* from the Las Posas Valley watershed
2. Purchase of imported water from CMWD for basin replenishment
3. Arroyo Las Posas storm water capture and recharge
4. Constructing desalter(s) to address water quality issues in the Arroyo Simi Creek
5. Agreement with City of Simi Valley to maintain up-stream wastewater treatment plant discharges into the Arroyo Simi Creek
6. Agreement with Simi Valley for recycled water deliveries to LPV users via pipeline
7. In lieu deliveries to Northern East Las Posas Management Area
8. Allocation buyback and reduction program (Developing a least cost acquisition program)
9. Regional desalter feasibility study

PAC Recommendation Report



- Calleguas with input from Zone Mutual, Ventura County Waterworks Districts No. 1 & 19, representative from Agriculture and Watermaster staff prepared the Calleguas In-Lieu Program memo
- PAC reviewed, discussed and approved submission of memo to Watermaster as the PAC Recommendation Report (Exhibit 17A)
- Recommendation Report
 - Provides an overview of the In-Lieu Program
 - Provides background of previous In-Lieu programs
 - Provides recommendations for implementation



Staff Response Report



- Staff agree with PAC Recommendation Report's description of the In-Lieu Program & its recommendations.
- Need for greater clarity, thus staff have provided a detailed Response Report (Exhibit 17B)
- Specifically, how does Calleguas intend to apply its administrative charges & policies:
 - Capacity Charge (CC) & a Readiness to Serve charge (RTS)
 - Amount/rate of CC & RTS charges is not provided for high & low periods, thus full costs cannot be calculated for either period
 - Foot note recommends program operate during low demand period but does not include analysis of Water Right Holders' or the Basin's water demands during either high / low period thus success cannot be determined
 - Discrepancy on allocations held by WMID's within UWCD which have a direct impact on funds raised for program implementation

Recommendations

1. Receive and file this presentation;
2. Approve the attached Response Report to the Policy Advisory Committee (PAC)
Recommendation Report
3. Provide direction to staff.

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

A STATE OF CALIFORNIA WATER AGENCY



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EXECUTIVE OFFICER
John Demers

October 22, 2025

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

SUBJECT: Approval of Watermaster Response Report to LPV Technical Advisory Committee Recommendation Report Regarding Basin Optimization Yield Study Numerical Modeling Results [LPV Watermaster] – (New Item)

RECOMMENDATION: (1) Receive an Agency Presentation on the Basin Optimization Yield Study Numerical Modeling Results, (2) Approve the Response Report to the Technical Advisory Committee Recommendation Report, and (3) Provide direction to staff.

BACKGROUND:

The Judgment requires Watermaster to prepare a Basin Optimization Yield Study (BOYS) that will establish the operating yield, and in turn the amount and rate of rampdown, in each water year (WY) through WY 2039 such that the operating yield and sustainable yield for the Las Posas Valley (LPV) Basin match by WY 2040, resulting in sustainable management of the LPV Basin in accordance with the Sustainable Groundwater Management Act (SGMA). (Judgment, §§ 3.3, 4.10, 5.1.)

After being unable to secure access and use to United Water Conservation District's model or modeling services in October 2024, your Board directed staff and their consultant, Dudek, to develop alternative modeling approaches and select a preferred alternative approach in consultation with the Policy Advisory Committee (PAC) and Technical Advisory Committee (TAC) to complete the BOYS in accordance with the provisions of the Judgment. On January 22, 2025, your Board approved extending the 40,000 AF operating yield set by the Judgment an additional water year due to the inability to secure access and use of United's model or services. On June 25, 2025, your Board directed staff to proceed with preparation of the BOYS using the preferred alternative approach and accordingly approved a contract modification with Dudek to perform the

modeling required to prepare the BOYS using the preferred alternative modeling approach.

On July 18, 2025, Watermaster’s consultant Dudek presented preliminary results of the groundwater modeling simulations for baseline and project scenarios to the TAC. These preliminary results suggest that, if simulated projects are implemented in the Las Posas Valley Basin, sustainability goals can be met without any need for a pumping rampdown. On July 25, 2025, Watermaster referred the BOYS numerical modeling results to the TAC for consultation. In response to TACs clarifying questions, Watermaster submitted to TAC revised model output data with a second consultation request memo dated August 29, 2025, and specifically requested feedback on the following:

1. The revised BOY Study model results.
2. Proposed methods for developing alternative pumping scenarios
3. Proposed methods for estimating the Basin Optimization Yield.

The TAC discussed and developed their recommendation report over three meetings and submitted a recommendation report with five recommendations dated September 16, 2025 (Exhibit 18A).

DISCUSSION:

The September 16, 2026, TAC Recommendation Report included five recommendations, which are summarized below:

1. Clearly acknowledge the discrepancy between historical observations of boundary flow between management areas and model simulation results in the Basin Optimization Yield Study report
2. Include detailed explanation of the uncertainty in model-simulated water levels and in the Optimization Yield Study Report
3. Highlight the importance of monitoring project effects in the Optimization Yield Study report
4. Modify model zone budgets so that complete water budget outputs can be provided for future TAC model result review.
5. Consider using the additional model scenarios to identify impacts of not implementing projects, test reduced in-lieu delivery volumes for identification of cost-effective project refinement, and show the effect of pumping redistribution in the West Las Posas Management Area

Staff agrees with the first four TAC recommendations summarized above and will incorporate those recommendations into the BOYS report.

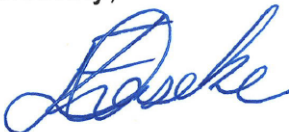
While staff are in general agreement with two of the three sections of the TAC's fifth recommendation, staff do not believe iteratively modeling lower in-lieu volumes to identify the lower limit of in-lieu delivery volumes in each management area that may be necessary to prevent threshold exceedances is necessary for preparation of the BOYS given the model uncertainty. Updates to United Conservation District's (UWCD) Coastal Plain Model resulted in simulated groundwater flow from the West Las Posas Management Area to the East Las Posas Management Area across the Somis Fault in a manner inconsistent with the generally accepted hydrogeologic conceptual model. Thus, refinement of simulated in-lieu deliveries will not necessarily add any new information. Also, the additional time it will take to iteratively model lower in-lieu volumes, as well as the time associated with additional committee consultation, will adversely impact the schedule for preparation of the BOYS and jeopardize staff's ability to complete the BOYS for your Board's consideration in May 2026. At the same time, the In-Lieu project does not require capital expenditure and instead requires annual purchases of imported water for use by purveyors in-lieu of groundwater pumping. Staff, therefore, recommend an adaptive management approach to project implementation, relying on groundwater elevation data and other parameters to assess benefits of project and or adjust in-lieu delivery volumes. Staff's detailed Response Report is attached as Exhibit 18B.

CONCLUSION:

Agency staff recommends (1) your Board receive and file this presentation, (2) Approve the Watermaster Response Report to the Technical Advisory Committee Recommendation Report, and (3) Provide direction to staff.

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

Sincerely,



Kudzai Farai Kaseke (Ph.D., PH, PMP, CSM)
Assistant Groundwater Manager

Attachments:

- Exhibit 18A – TAC Recommendation Report, September 16, 2025
- Exhibit 18B – Watermaster Response Report, October 8, 2025

LAS POSAS VALLEY

TECHNICAL ADVISORY COMMITTEE

September 16, 2025

RECOMMENDATION REPORT

To: Las Posas Valley Watermaster

From: Las Posas Valley Watermaster Technical Advisory Committee, prepared by Chad Taylor, Administrator and Chair

Re: Recommendation Report – Las Posas Valley Basin, Basin Optimization Yield Study Numerical Modeling Results

The Las Posas Valley Watermaster Technical Advisory Committee (TAC) provides this Recommendation Report regarding the Basin Optimization Yield Study initial modeling results provided in July and August 2025. This Recommendation Report was prepared in response to committee consultation requests transmitted to the TAC on July 25, 2025 and August 29, 2025 by Las Posas Valley Basin Watermaster (Watermaster) staff.

BACKGROUND

The Las Posas Valley Adjudication judgment requires preparation of a Basin Optimization Yield (BOY) Study to evaluate Basin Optimization Yield, set the Operating Yield, and identify the need for and quantification of the rate of pumping rampdown to achieve sustainable groundwater management by 2040. The TAC received a presentation from Dudek, the Watermaster's groundwater consultant, providing model scenario results for the simulations included in the BOY Study on July 18, 2025 and model results information and data from the Watermaster on July 25, 2025. This included pumping by well, groundwater levels and hydrographs, and water budget summaries. In the presentation to the TAC, Dudek indicated that with-project model simulation results demonstrated that both management areas of the Las Posas Valley Basin (LPVB) can meet sustainability goals without the need for pumping rampdown, assuming the simulated projects are implemented. Initial TAC review of the model results identified significant differences between the materials that were presented to the TAC and the model results information provided subsequently. Clarifying questions from the TAC resulted in revised model data from Dudek that was shared with the TAC in a Committee Consultation request memorandum dated August 29, 2025. The revised model output did not change the conclusion that no pumping rampdown is required if the BOY Study projects are implemented in both LPVB management areas.

Watermaster staff requested TAC feedback on the following:

1. The revised BOY Study model results
2. Proposed methods for developing alternative pumping scenarios
3. Proposed methods for estimating the Basin Optimization Yield

The TAC considered the topics above in meetings on July 18, 2025, August 5, 2025, and September 5, 2025. TAC recommendations relating to the BOY Study model results, alternative pumping scenarios, and methods for estimating Basin Optimization Yield were discussed in those meetings and are summarized in this Recommendation Report.

The TAC reviewed this Recommendation Report and voted to approve it in a regular meeting on September 16, 2025.

TAC RECOMMENDATIONS

1. RECOMMENDATION 1: CLEARLY ACKNOWLEDGE THE DISCREPANCY BETWEEN HISTORICAL OBSERVATIONS OF BOUNDARY FLOW BETWEEN MANAGEMENT AREAS AND MODEL SIMULATION RESULTS IN THE BASIN OPTIMIZATION YIELD STUDY REPORT

The West Las Posas Management Area (WLPMA) numerical model appears to significantly overestimate the amount of groundwater exchange between WLPMA and the East Las Posas Management Area (ELPMA). More than half of the volume of the simulated with-project in-lieu deliveries to the WLPMA were accommodated by a simulated change in flow between the management areas, which is inconsistent with the conceptual model of the boundary between the WLPMA and ELPMA. This suggests that the model may significantly underestimate the benefits of in-lieu deliveries to the area of the WLPMA to which the related project targeted. It also suggests that the benefits of implementing the project with the simulated volume of in-lieu water delivery may be greater than those simulated. As a result, the actual volume of in-lieu deliveries required to prevent water level minimum threshold exceedances in the WLPMA may be lower than that simulated in the with-project model scenario.

1.1 Recommendations:

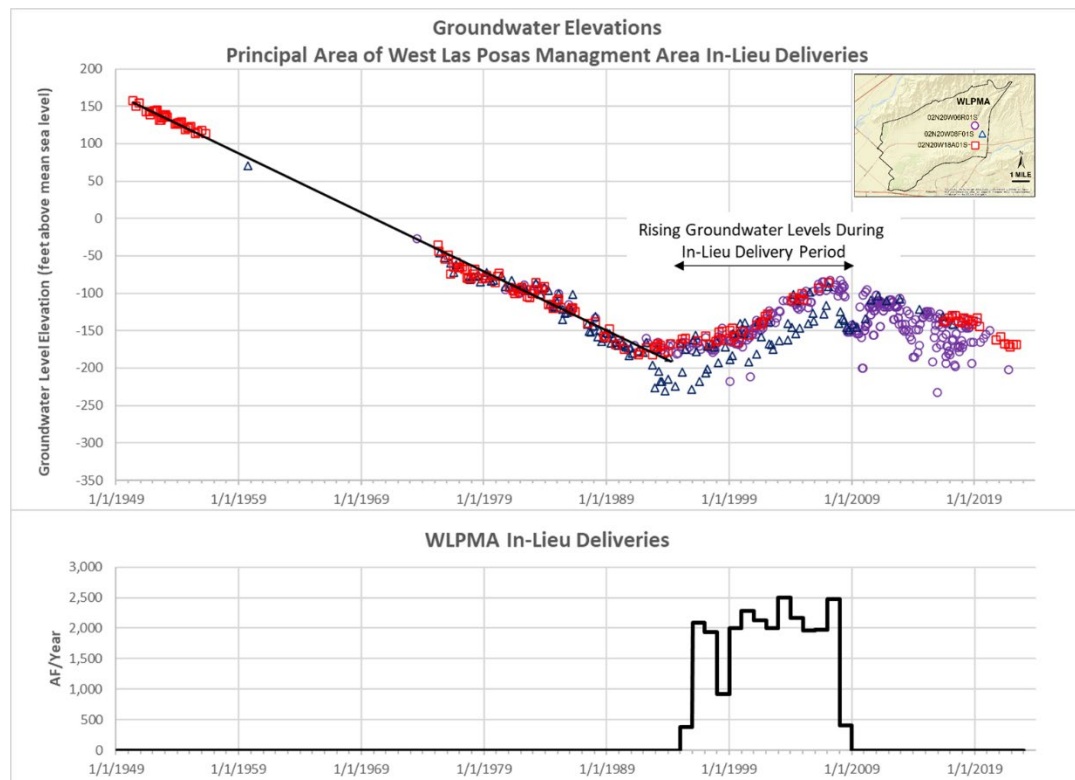
Include in the BOY Study report a detailed explanation of the differences between the baseline model results and the conceptual model at the boundary between the management areas. Also include descriptions of the simulated change in flow across the boundary in the simulation with an explanation of the potential differences between simulated and actual with-project conditions.

1.2 Technical Rationale for Recommendation:

The generally agreed upon hydrogeologic conceptual model of the LPVB includes a fault-related no-flow boundary between the WLPMA and ELPMA. This is supported by historically

observed water levels on either side of the boundary and has been the subject of previous TAC recommendations.

The representation of the management area boundary in the WLPMA model allows flow across this boundary and the baseline model scenario simulation indicates flow from the ELPMA to the WLPMA. In the with-project scenario simulation this flow direction reverses and water flows from WLPMA to the ELPMA. The difference in the volumes of flow between the baseline and with-project simulations is 1,033 acre-feet per year (AFY), which is 58 percent of the annual in-lieu delivery volume (1,764 AFY) simulated for the WLPMA with-project scenario.



Historical data demonstrates that a similar magnitude of in-lieu deliveries to WLPMA between 1996 and 2008 resulted in groundwater elevation increases of approximately 90 feet, as shown in the charts above.

The simulated change in groundwater elevations in wells near the WLPMA in-lieu project is much less than the historical observations. The four wells near the project showed simulated average groundwater elevation increases of around 7 to 17 feet compared to baseline simulated elevations. This comparison reinforces the observation that the model simulates WLPMA in-lieu deliveries leaving the management area across what is agreed to be a no-flow boundary. As a result, the simulated in-lieu deliveries likely exceed the volume necessary to achieve and maintain sustainable conditions in the WLPMA.

1.3 Summary of Facts in Support of Recommendation:

- The model simulates flow across the boundary between the WLPMA and ELPMA.
- This is a no-flow boundary in the agreed-upon hydrogeological conceptual model of the LPVB.
- Simulated flow across the boundary from the WLPMA to the ELPMA is approximately 58 percent of the annual simulated in-lieu water delivery to the WLPMA.
- Historical observations of past in-lieu deliveries to the same area of the WLPMA showed groundwater elevation increases of approximately 90 feet while model simulated change compared to baseline simulated conditions average only 7 to 17 feet.

2. RECOMMENDATION 2: INCLUDE DETAILED EXPLANATION OF THE UNCERTAINTY IN MODEL-SIMULATED WATER LEVELS AND IN THE OPTIMIZATION YIELD STUDY REPORT

Model simulated with-project water levels include uncertainty and may not accurately reflect the effects of management actions. As noted above in Recommendation 1, model-simulated changes in the WLPMA may underestimate the benefits of the in-lieu project in that management area. As a result, specific water level and/or other conditions in the model simulated with-project scenarios should be qualified in the BOY Study report.

2.1 Recommendations:

The BOY Study report should explain model assumptions and uncertainty in clear language with specific examples to aid the Watermaster Board and stakeholders in understanding the results of model simulations and the need for further data collection.

2.2 Technical Rationale for Recommendation:

Models are a tool for estimating the results of changed conditions on groundwater systems. Simulated water levels in individual wells within the area influenced by a project scenario are often the result of the specific distribution of pumping or other components of the scenario. The with-project scenario model results show that in-lieu water delivery to the WLPMA can improve conditions, and the discussion in Recommendation 1 above demonstrates that there is significant uncertainty in simulated with-project water levels. Therefore, documenting model uncertainty is important for understanding the outcome of the BOY Study.

2.3 Summary of Facts in Support of Recommendation:

- The results of model simulations are the result of the assumptions included in the model and in the components of the scenario.
- Inaccuracy in these assumptions and scenario inputs may not match future conditions with project implementation.
- Clear explanation of model assumption and uncertainty can assist decision makers and stakeholders in understanding the need to continue to collect data and manage adaptively while implementing projects.

3. RECOMMENDATION 3: HIGHLIGHT THE IMPORTANCE OF MONITORING PROJECT EFFECTS IN THE OPTIMIZATION YIELD STUDY REPORT

As indicated in the two preceding recommendations, model results may not match future conditions, especially with changes in management practices. Ongoing monitoring during implementation of projects and management actions (PMAs) designed to affect groundwater conditions combined with adaptive management is the only certain means of assessing the effectiveness of those projects and actions. Observation of groundwater conditions through monitoring also provides information to inform refinements to existing PMAs and/or development of new PMAs. Finally, tracking pumping, recharge, water levels, and other factors over time is the most effective way to improve groundwater models so they are better able to simulate historical and future conditions.

3.1 Recommendations:

The BOY Study report should highlight the importance of robust, careful, and consistent monitoring of in-lieu delivery volumes, monthly pumping by well, and groundwater elevations during implementation of all proposed projects. Appropriate monitoring will allow the Watermaster, stakeholders, and project operators to assess project benefits and modify in-lieu delivery volumes and timing so that project objectives, including meeting groundwater sustainability thresholds, are met while minimizing project costs.

3.2 Technical Rationale for Recommendation:

As stated above, models are a powerful tool for estimating the results of changed conditions on groundwater systems. However, the only way to test simulations and confirm that the expected effects and benefits occur is through robust, careful, and consistent monitoring.

3.3 Summary of Facts in Support of Recommendation:

- Model simulations of future periods with changes in water management do not always match observed conditions.
- Monitoring is the only means of confirming the effectiveness and benefits of PMAs.
- Future modifications to the existing groundwater models of the LPVB will require accurate monitoring.

4. RECOMMENDATION 4: MODIFY MODEL ZONE BUDGETS SO THAT COMPLETE WATER BUDGET OUTPUTS CAN BE PROVIDED FOR FUTURE TAC MODEL RESULT REVIEW

Groundwater model zone budgets are a means of producing detailed categorization of water inflow and outflow for user-defined subregions, or zones, within a groundwater model. This can include representations of geographic areas corresponding to management areas, water districts, or geologically distinct units. Dudek indicated that the zone budget definition for the ELPMA model does not include a small area where some pumping occurs. As a result, the water budget data provided to the TAC did not match the reported total pumping, which caused confusion. TAC review of future model results would be more

effective and efficient if all components of the model input and output are included and are internally consistent.

4.1 Recommendations:

Review the models of both management areas to identify areas that are not included in zone budgets or other summary tools relied on to extract model output data. Allowance for sufficient time for Watermaster consultants and TAC to thoroughly review these and other detailed technical work would also benefit accuracy and reliability of the models and other tools the Watermaster relies on for assessing groundwater management in the LPVB.

4.2 Technical Rationale for Recommendation:

Effective and efficient review of detailed technical datasets requires those datasets be complete. Portions of a model not being included in any zone budget zone resulted in an apparent difference between model input and output data that TAC members could not independently distinguish from an error.

4.3 Summary of Facts in Support of Recommendation:

The information and data provided from the numerical groundwater models of the LPVB were internally inconsistent and model input, output, and summary datasets were different, complicating and slowing TAC review and reducing TAC confidence in model results.

5. RECOMMENDATION 5: CONSIDER USING THE ADDITIONAL MODEL SCENARIOS TO IDENTIFY IMACTS OF NOT IMPLEMENTING PROJECTS, TEST REDUCED IN-LIEU DELIVERY VOLUMES FOR IDENTIFICATION OF COST-EFFECTIVE PROJECT REFINEMENT, AND SHOW THE EFFECT OF PUMPING REDISTRIBUTION IN THE WEST LAS POSAS MANAGEMENT AREA

As indicated by Dudek in presentations to and discussion with the TAC, no additional model scenarios are necessary to quantify the basin optimization yield or assess the need for rampdown. However, the TAC recommends using the additional model scenarios in the BOY Study scope of work to roughly refine the volume of in-lieu water to identify the minimum average annual volume that would still result in sustainable conditions without the need for pumping rampdown.

5.1 Recommendations:

The TAC identified the three additional model scenarios below to provide additional information to the Watermaster and stakeholders when considering the benefits and effects of implementing the BOY Study projects. These recommended model scenarios are presented in order of priority.

1. Complete iterative simulations in both management areas to identify the amount of uniform pumping reduction that would be required to meet sustainability goals without implementing any new projects. The results of these iterative simulations would help the Watermaster and stakeholders understand the effects of not implementing the in-lieu projects.

2. Complete iterative simulations in both management areas with progressively lower in-lieu delivery volumes to identify the would be helpful to investigate the possible lower limit of in-lieu delivery volumes in each management area that may be necessary to prevent minimum threshold exceedances.
3. Simulate redistributed pumping in the WLPMA to reduce pumping from Well 02N20W06R01S. The model simulated with-project scenario results shows water levels below the minimum threshold for this well. Annual average pumping in 02N20W06R01S was reduced in the with-project scenario from 1,090 to 799 AFY. Pumping in this well could be further decreased to address this minimum threshold exceedance in additional model scenarios with alternative pumping distribution.

5.2 Technical Rationale for Recommendation:

The with-project simulations show that the in-lieu delivery volumes should result in sustainable water level conditions in both LPVB management areas. However, sustainability without pumping rampdown is contingent on implementation of both projects. The additional model scenarios identified above would demonstrate the benefits of project implementation, help assess the potential for lower cost project alternatives, and document how adaptive management and operational flexibility could be used to maximize project benefits.

5.3 Summary of Facts in Support of Recommendation:

- The scenarios simulated to date show one means of achieving water level sustainability in the LPVB.
- Alternative means of achieving water level sustainability are possible and showing how they differ from the scenarios simulated to date could provide decision makers with valuable information to guide project development and acceptance.

TALLY OF COMMITTEE MEMBER VOTES

The TAC voted to approve the content of this Recommendation Report and authorize the TAC Administrator to submit it to the Watermaster in a meeting held September 16, 2025. The vote was unanimous, as shown below.

TAC Member	Vote			
	Yes	No	Abstain	Absent
Chad Taylor, Chair	X			
Tony Morgan, East LPV Representative	X			
Bob Abrams, West LPV Representative	X			

REPORT OF BASES FOR MAJORITY AND MINORITY COMMITTEE MEMBER POSITIONS

The TAC vote to present the recommendations above to the Watermaster was unanimous, as indicated above. The bases for the unanimous positions are described for each

recommendation above. No minority positions were expressed by voting or non-voting TAC members.

LAS POSAS VALLEY WATERMASTER RESPONSE REPORT

Date: October 08, 2025

To: Las Posas Valley Watermaster Board of Directors

From: Kudzai Farai Kaseke, Assistant Groundwater Manager (FCGMA)

Re: Response Report to TAC Recommendation Report – Las Posas Valley Basin, Basin Optimization Yield Study Numerical Modeling Results

The Las Posas Valley (LPV) Watermaster (Watermaster) requested consultation from the Technical Advisory Committee (TAC) on Basin Optimization Yield Study (BOYS) numerical modeling results in a memo dated July 25, 2025. Watermaster's consultant, Dudek, presented the results of groundwater model simulations for "baseline" and "projects" scenarios to the TAC at special meeting on July 18, 2025. In response to clarifying questions from the TAC, Watermaster provided revised model output data with a second consultation request memo dated August 29, 2025.

The TAC discussed and developed its recommendation report at its August 5, 2025, regular meeting, September 9, 2025, special meeting, and September 16, 2025, regular meeting. TAC's September 16, 2025, recommendation report included five recommendations. Each of these recommendations is listed below followed by Watermaster staff's response. TAC's recommendations report additionally included technical rationale and summary of facts in support of each recommendation, which are not reproduced below, but TAC's complete recommendation report is attached to this response report.

Recommendation 1: Clearly acknowledge the discrepancy between historical observations of boundary flow between management areas and model simulation results in the Basin Optimization Yield Study report

The West Las Posas Management Area (WLPMA) numerical model appears to significantly overestimate the amount of groundwater exchange between WLPMA and the East Las Posas Management Area (ELPMA). More than half of the volume of the simulated with-project in-lieu deliveries to the WLPMA were accommodated by a simulated change in flow between the management areas, which is inconsistent with the conceptual model of the boundary between the WLPMA and ELPMA. This suggests that the model may significantly underestimate the benefits of in-lieu deliveries to the area of the WLPMA to which the related project targeted. It also suggests that the benefits of implementing the project with the simulated volume of in-lieu water delivery may be greater than those simulated. As a result, the actual volume of in-lieu deliveries required to prevent water level minimum threshold exceedances in the WLPMA may be lower than that simulated in the with-project model scenario.

1.1 Recommendations:

Include in the BOY Study report a detailed explanation of the differences between the baseline model results and the conceptual model at the boundary between the management areas. Also include descriptions of the simulated change in flow across the boundary in the simulation with an explanation of the potential differences between simulated and actual with-project conditions.

Response to Recommendation 1:

Watermaster agrees with TAC's recommendations to include these explanations and descriptions in the BOY Study report.

Recommendation 2: Include detailed explanation of the uncertainty in model-simulated water levels and in the Optimization Yield Study Report

Model simulated with-project water levels include uncertainty and may not accurately reflect the effects of management actions. As noted above in Recommendation 1, model-simulated changes in the WLPMA may underestimate the benefits of the in-lieu project in that management area. As a result, specific water level and/or other conditions in the model simulated with-project scenarios should be qualified in the BOY Study report.

2.1 Recommendations:

The BOY Study report should explain model assumptions and uncertainty in clear language with specific examples to aid the Watermaster Board and stakeholders in understanding the results of model simulations and the need for further data collection.

Response to Recommendation 2:

Watermaster agrees with TAC's recommendations to include an explanation of model assumptions and uncertainty in the BOY Study report.

Recommendation 3: Highlight the importance of monitoring project effects in the Optimization Yield Study report

As indicated in the two preceding recommendations, model results may not match future conditions, especially with changes in management practices. Ongoing monitoring during implementation of projects and management actions (PMAs) designed to affect groundwater conditions combined with adaptive management is the only certain means of assessing the effectiveness of those projects and actions. Observation of groundwater conditions through monitoring also provides information to inform refinements to existing PMAs and/or development of new PMAs. Finally, tracking pumping, recharge, water levels, and other factors over time is the most effective way to improve groundwater models so they are better able to simulate historical and future conditions.

3.1 Recommendations:

The BOY Study report should highlight the importance of robust, careful, and consistent monitoring of in-lieu delivery volumes, monthly pumping by well, and groundwater elevations during implementation of all proposed projects. Appropriate monitoring will allow the Watermaster, stakeholders, and project operators to assess project benefits and modify in-lieu delivery volumes and timing so that project objectives, including meeting groundwater sustainability thresholds, are met while minimizing project costs.

Response to Recommendation 3:

Watermaster agrees with TAC's recommendations to highlight the importance of monitoring of the proposed in-lieu project parameters in the BOY Study report. Watermaster notes that while the "projects" scenario groundwater modeling simulation suggest that rampdown may not be needed to achieve sustainable groundwater management in the LPV Basin by 2040 if the in-lieu projects are implemented in both the ELPMA and WLPMA, ongoing groundwater elevation monitoring will provide confirmation whether the projects are successful in raising groundwater levels above minimum thresholds at key wells in the Basin.

Recommendation 4: Modify model zone budgets so that complete water budget outputs can be provided for future TAC model result review

Groundwater model zone budgets are a means of producing detailed categorization of water inflow and outflow for user-defined subregions, or zones, within a groundwater model. This can include representations of geographic areas corresponding to management areas, water districts, or geologically distinct units. Dudek indicated that the zone budget definition for the ELPMA model does not include a small area where some pumping occurs. As a result, the water budget data provided to the TAC did not match the reported total pumping, which caused confusion. TAC review of future model results would be more effective and efficient if all components of the model input and output are included and are internally consistent.

4.1 Recommendations:

Review the models of both management areas to identify areas that are not included in zone budgets or other summary tools relied on to extract model output data. Allowance for sufficient time for Watermaster consultants and TAC to thoroughly review these and other detailed technical work would also benefit accuracy and reliability of the models and other tools the Watermaster relies on for assessing groundwater management in the LPVB.

Response to Recommendation 4:

Watermaster agrees that the zone budgets used to extract water budget data from the model output should be modified to include all pumping in the management areas.

Recommendation 5: Consider using the additional model scenarios to identify impacts of not implementing projects, test reduced in-lieu delivery volumes for identification of

cost-effective project refinement, and show the effect of pumping redistribution in the West Las Posas Management Area

As indicated by Dudek in presentations to and discussion with the TAC, no additional model scenarios are necessary to quantify the basin optimization yield or assess the need for rampdown. However, the TAC recommends using the additional model scenarios in the BOY Study scope of work to roughly refine the volume of in-lieu water to identify the minimum average annual volume that would still result in sustainable conditions without the need for pumping rampdown.

5.1 Recommendations:

The TAC identified the three additional model scenarios below to provide additional information to the Watermaster and stakeholders when considering the benefits and effects of implementing the BOY Study projects. These recommended model scenarios are presented in order of priority.

1. Complete iterative simulations in both management areas to identify the amount of uniform pumping reduction that would be required to meet sustainability goals without implementing any new projects. The results of these iterative simulations would help the Watermaster and stakeholders understand the effects of not implementing the in-lieu projects.
2. Complete iterative simulations in both management areas with progressively lower in-lieu delivery volumes to identify the would be helpful to investigate the possible lower limit of in-lieu delivery volumes in each management area that may be necessary to prevent minimum threshold exceedances.
3. Simulate redistributed pumping in the WLPMA to reduce pumping from Well 02N20W06R01S. The model simulated with-project scenario results shows water levels below the minimum threshold for this well. Annual average pumping in 02N20W06R01S was reduced in the with-project scenario from 1,090 to 799 AFY. Pumping in this well could be further decreased to address this minimum threshold exceedance in additional model scenarios with alternative pumping distribution.

Response to Recommendation 5:

Watermaster agrees with TAC's recommendations 5.1.1 and 5.1.3; however, Watermaster disagrees with recommendation 5.1.2. Watermaster disagrees with recommendation 5.1.2 for several reasons:

- The purpose of the BOY Study is to evaluate the optimized yield of the Basin if projects are implemented, whether the optimized yield is sustainable, and if the optimized yield is not sustainable, what yield is sustainable with project implementation and the amount of rampdown required. TAC's recommendation to conduct additional iterative simulations in an effort to optimize the proposed projects is outside the scope of the BOY Study.

- United Water Conservation District's (UWCD) Coastal Plain Model is used for simulations of future groundwater conditions in the WLPMA. As first identified in the Periodic Evaluation of the Groundwater Sustainability Plan, UWCD updated the boundary condition used to represent the Somis Fault to simulate groundwater flow to the ELPMA across the Somis Fault, which is inconsistent with the generally accepted hydrogeologic conceptual model. This introduces uncertainty in the model simulations of the in-lieu project in the WLPMA, as recognized in TAC's recommendation 1. TAC's recommendation 5.1.2 to iteratively simulate progressively lower in-lieu volumes to identify the lower limit of in-lieu delivery volumes would not be useful considering the model uncertainty.
- The in-lieu project does not require capital expenditure or planning for capital expenditure. Rather, this project simply requires annual purchases of imported water for use by purveyors in lieu of pumping groundwater. TAC's recommendation 3, which Watermaster agrees with, recognizes the importance of monitoring groundwater levels and other parameters to assess the benefits of the in-lieu project and to confirm groundwater elevations are above minimum thresholds and to adjust in-lieu volumes as appropriate. The proposed in-lieu project volumes are based on the empirical results of the historical in-lieu program in the Basin.

Approval of Watermaster Response Report to LPV Technical Advisory Committee Recommendation Report Regarding Basin Optimization Yield Study Numerical Modeling Results

Item 18 – October 22, 2025

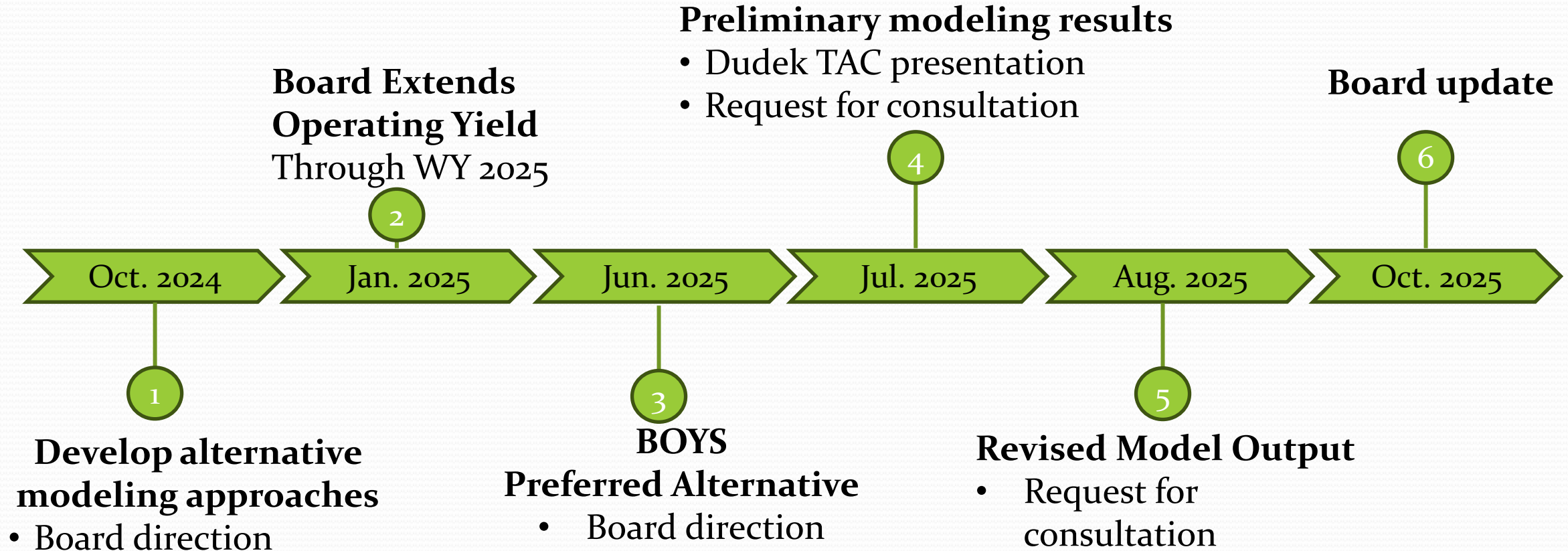


Farai Kaseke (Ph.D., PH, PMP, CSM)
Assistant Groundwater Manager

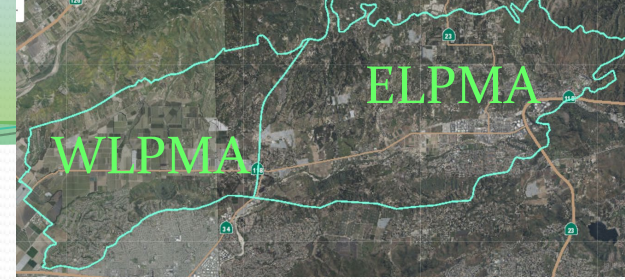
Background

- Las Posas Valley Adjudication Judgment (Judgment):
 - Requires the Watermaster prepare a Basin Optimization Yield Study (BOYS) (*Judgment, § § 3.3, 4.10, 5.1.*)
 - The Study will determine the Operating Yield (OY) and in turn the rate of rampdown, in each water year through WY 2039 such that Sustainable Yield (SY) and OY are the same by 2040 (*Judgment, § 4.10.2.*)
 - 2025 BOYS
 - 2030 BOYS
 - 2035 BOYS

Discussion and Timeline



TAC Recommendation Report



- 1) Clearly acknowledge the discrepancy between historical observations of boundary flow between management areas and model simulation results in the Basin Optimization Yield Study report.
- 2) Include detailed explanation of the uncertainty in model-simulated water levels and in the Optimization Yield Study Report.
- 3) Highlight the importance of monitoring project effects in the Optimization Yield Study report.
- 4) Modify model zone budgets so that complete water budget outputs can be provided for future TAC model result review.
- 5) Consider using the additional model scenarios to identify impacts of not implementing projects, **test reduced in-lieu delivery volumes for identification of cost-effective project refinement**, and show the effect of pumping redistribution in the

West Las Posas Management Area

Watermaster Response Report

- Staff agrees with 4 / 5 TAC recommendations → incorporate into final BOYS report
- Disagree with 2nd recommendation of 5th recommendation
 - Test reduced in-lieu delivery volumes for identification of cost-effective project refinement
 - Recommendation is outside the scope of the BOYS
 - Simulated groundwater flow across the Somis Fault into ELPMA in the updated Coastal Plain Model is inconsistent with the generally accepted hydrogeologic conceptual model
 - Introduces uncertainty in model simulations of the In-Lieu project in WLPMA (*TAC recommendation 1*)
 - Refinement to identify lower limit of In-Lieu delivery volumes not useful considering uncertainty
 - In-lieu project does not require capital / planning for capital expenditure, relies on existing infrastructure & purchase of imported water.
 - Monitoring of groundwater levels & other parameters will inform basin management (*TAC recommendation 3*)

Recommendations

1. Receive and file this presentation; and
2. Approve the Watermaster Response Report to the Technical Advisory Committee Recommendation Report ,
3. Provide direction to staff.

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

DIRECTORS

Eugene F. West (Chair) – Small Water Districts (805) 657-2121 (*Term Exp 2-28-27*)
Executive Committee, Fiscal Committee

Kelly Long (Vice Chair) – Ventura County Board of Supervisors (805) 654-2276 (*Term Exp 2-28-27*)
Executive Committee

Michael Craviotto – Farming Interests (805) 766-9602 (*Term Exp 2-28-26*)
Operations Committee, Flynn Award Selection Subcommittee

Lynn Maulhardt – United Water Conservation District (805) 982-0780 (*Term Exp 2-28-27*)
Operations Committee

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

ALTERNATE DIRECTORS

Reddy Pakala – Small Water Districts (805) 990-6809 (*Term Exp 2-28-27*)

Vianey Lopez – Ventura County Board of Supervisors (805) 654-2613 (*Term Exp 2-28-27*)

David Borchard – Farming Interests (805) 485-3525 (*Term Exp 2-28-26*)

Keith Ford – UWCD (805) 207-9062 (*Term Exp 2-28-27*)

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

STAFF

John Demers – Executive Officer (805) 650-4083

Jason Canger – Agency Counsel (805) 654-2879

Farai Kaseke – Assistant Groundwater Manager II (805) 654-2954

Arne Anselm – Groundwater Specialist Ret. PT (805) 654-3942

Kathleen Riedel – Groundwater Specialist Ret. PT (805) 654-2064

Robert Hampson – Groundwater Specialist (805) 654-3952

Raya Nour – Engineer II (805) 654-2454

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

Cynthia Rodriguez – Administrative Assistant (805) 662-6831

Erin Ware – Administrative Assistant (805) 654-2032

Fatima Perez – Management Assistant (805) 650-4073

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

Briana Barajas – Water Resources Specialist (805) 654-2021

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