



EXTRACTION FEES DISCUSSION

APRIL 9, 2026



BACKGROUND & PURPOSE

- Existing budgeting and fee policies result in extraction fee variability
- During last year's budgeting process, a director expressed concerns about variability in projected extraction fees
- The director requested that this year's budgeting process be started early to evaluate rate smoothing options

WHY ARE EXTRACTION FEES VARIABLE?

- Annual expenses are variable
 - GSP development, then 5-year GSP evaluation cycle
- Groundwater extractions are variable
- Budgeting and fee policy:
 - Pay-as-we-go approach with limited reserves to spread costs over time

Extraction fee variability was a conscious decision by the Board as an alternative to building reserves for fee smoothing

HOW VARIABLE HAVE EXTRACTION FEES BEEN?

Fiscal Year	Extraction Fee (\$/AF)	Budgeted Extractions (AF)	Comment
19/20	\$77.89	4,356	+Fees set for three years with cap at \$79.16/AF. +Reserve target - \$122,000
20/21	\$79.16	4,356	+Reserve target decreased to \$74,000 because fees were too low and Agency was “locked-in” for three years.
21/22	\$79.16	4,356	+Reserve target increased to \$225,000.
22/23	\$148.00	4,034	+Jump in extraction fees due to: (1) lower extractions, (2) higher GSP preparation and implementation costs, (3) increase reserve target, and (4) first three years of fees were too low. +Reserve target reduced to \$100,000. +3-year average for member agencies implemented.
23/24	\$140.00	3,357	
24/25	\$166.00	3,449	
25/26	\$168.00	4,035	+Reserve target increased to \$300,000.
26/27	TBD	TBD	Per current policy would be: \$168/AF at 4,396 AF

EXPENSE VARIABILITY

- If future extractions were known ahead of time, it would be a simple exercise to smooth the rates over a 5-year projection period.

For example, if extractions were to remain 4,396 AFY:

Fee Type	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
Variable	\$168/AF	\$128/AF	\$162/AF	\$204/AF	\$172/AF
Smooth	\$166/AF	\$166/AF	\$166/AF	\$166/AF	\$166/AF

EXTRACTION VARIABILITY

- However, future extractions are not known and are impossible to predict.
- Analysis of future extraction rates was performed to investigate range of possible extraction fee outcomes.

EXTRACTION SCENARIOS

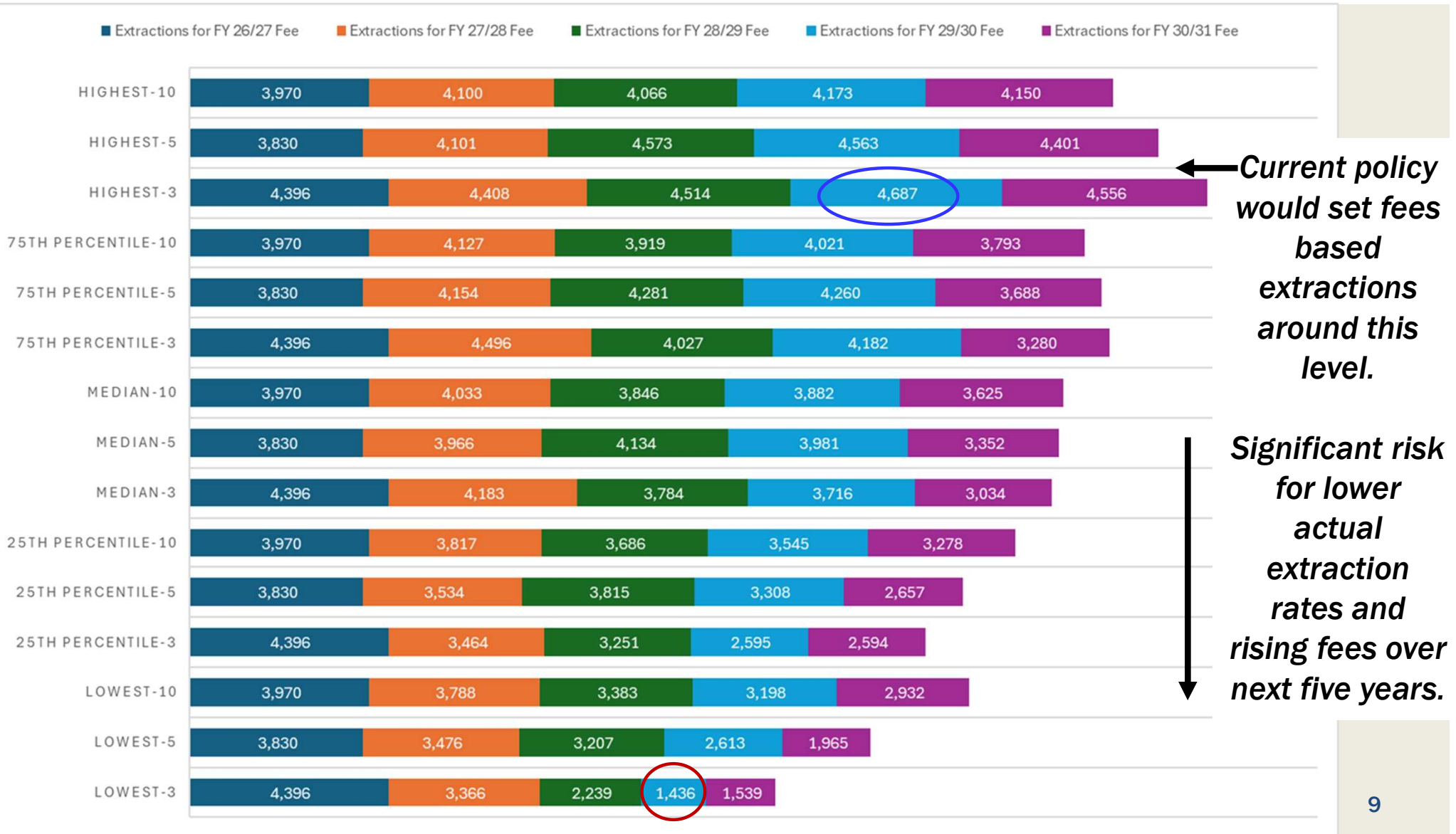
- Member agency projected extractions provided for GSP periodic evaluation
- City of Ventura extraction variability is the primary driver
 - Controlled by weather and implementation of Interim Order Protocols
- Used City's 50-year spreadsheet model to evaluate range of potential City extractions and then combined results with other Member Agency estimates

FUTURE EXTRACTION SCENARIOS

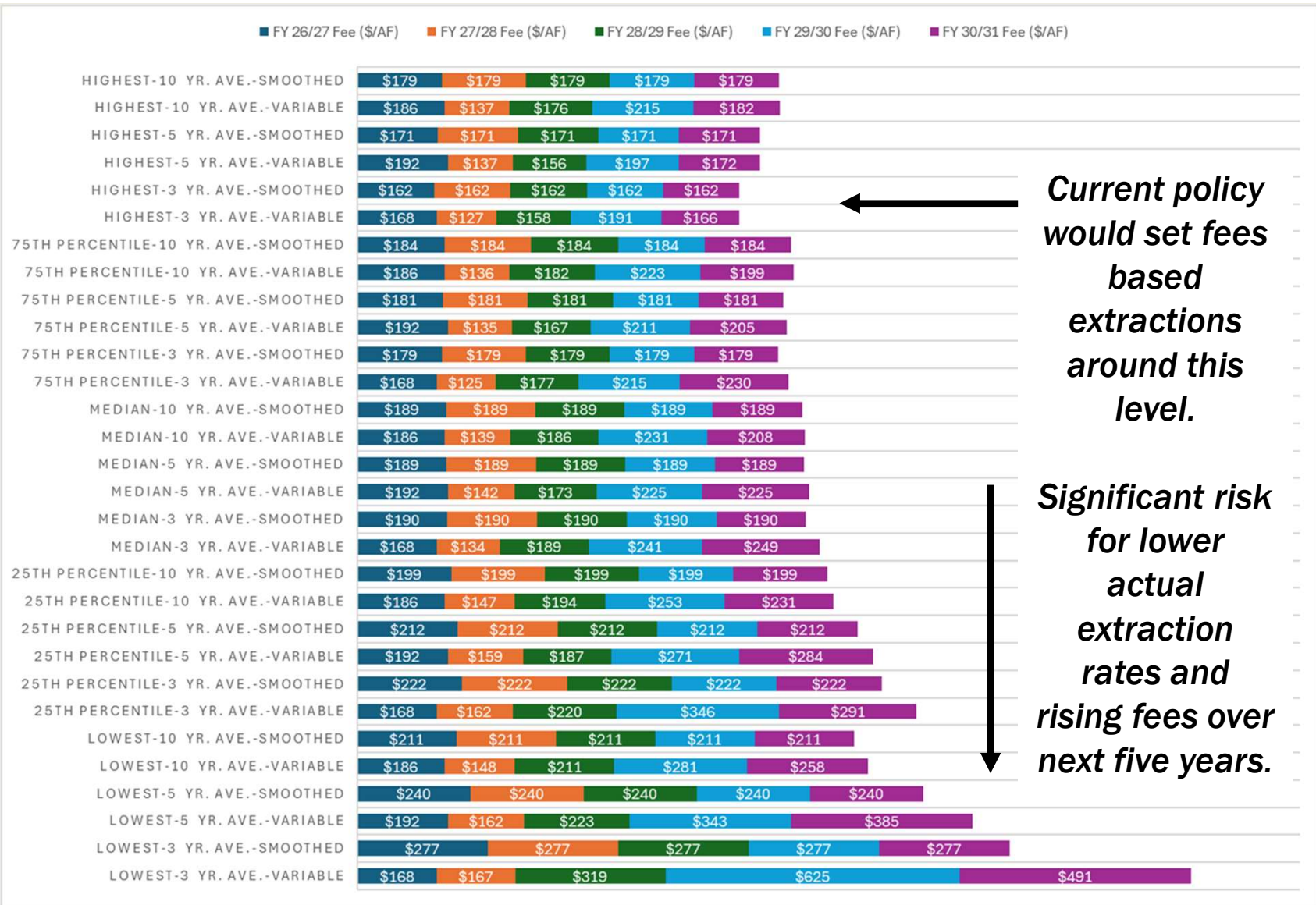
Extractions	Averaging Method	Extractions for FY 26/27 Fee	Extractions for FY 27/28 Fee	Extractions for FY 28/29 Fee	Extractions for FY 29/30 Fee	Extractions for FY 30/31 Fee	Sum
Lowest	3-year moving	4,396	3,366	2,239	1,436	1,539	12,976
Lowest	5-year moving	3,830	3,476	3,207	2,613	1,965	15,092
Lowest	10-year moving	3,970	3,788	3,383	3,198	2,932	17,270
25th Percentile	3-year moving	4,396	3,464	3,251	2,595	2,594	16,299
25th Percentile	5-year moving	3,830	3,534	3,815	3,308	2,657	17,144
25th Percentile	10-year moving	3,970	3,817	3,686	3,545	3,278	18,296
Median	3-year moving	4,396	4,183	3,784	3,716	3,034	19,113
Median	5-year moving	3,830	3,966	4,134	3,981	3,352	19,264
Median	10-year moving	3,970	4,033	3,846	3,882	3,625	19,356
75th Percentile	3-year moving	4,396	4,496	4,027	4,182	3,280	20,381
75th Percentile	5-year moving	3,830	4,154	4,281	4,260	3,688	20,213
75th Percentile	10-year moving	3,970	4,127	3,919	4,021	3,793	19,830
Highest	3-year moving	4,396	4,408	4,514	4,687	4,556	22,561
Highest	5-year moving	3,830	4,101	4,573	4,563	4,401	21,468
Highest	10-year moving	3,970	4,100	4,066	4,173	4,150	20,458

Extractions for fees could range from 1,436 AFY to 4,687 AFY (326% from low to high)

FUTURE EXTRACTION SCENARIOS



FUTURE EXTRACTION FEE SCENARIOS



Current policy would set fees based extractions around this level.

Significant risk for lower actual extraction rates and rising fees over next five years.

OPTIONS

1. **Modify current budgeting policy:**
 - a. **Switch to longer averaging period**
and
 - a. **Assume lower future extractions**

2. **Options that eliminate weather and operational variability**
 - a. **Change fee basis to well capacity**
or
 - a. **Switch Member Agencies to fixed contributions**



QUESTIONS?





EXTRA SLIDES



FUTURE EXTRACTION FEE SCENARIOS

Extractions	Averaging Method	Fee Type	FY 26/27 Fee (\$/AF)	FY 27/28 Fee (\$/AF)	FY 28/29 Fee (\$/AF)	FY 29/30 Fee (\$/AF)	FY 30/31 Fee (\$/AF)	Weighted Average Fee (\$/AF)
Lowest	3-year moving	Variable	\$168	\$167	\$319	\$625	\$491	\$282
Lowest	3-year moving	Smoothed	\$277	\$277	\$277	\$277	\$277	\$277
Lowest	5-year moving	Variable	\$192	\$162	\$223	\$343	\$385	\$243
Lowest	5-year moving	Smoothed	\$240	\$240	\$240	\$240	\$240	\$240
Lowest	10-year moving	Variable	\$186	\$148	\$211	\$281	\$258	\$212
Lowest	10-year moving	Smoothed	\$211	\$211	\$211	\$211	\$211	\$211
25th Percentile	3-year moving	Variable	\$168	\$162	\$220	\$346	\$291	\$225
25th Percentile	3-year moving	Smoothed	\$222	\$222	\$222	\$222	\$222	\$222
25th Percentile	5-year moving	Variable	\$192	\$159	\$187	\$271	\$284	\$214
25th Percentile	5-year moving	Smoothed	\$212	\$212	\$212	\$212	\$212	\$212
25th Percentile	10-year moving	Variable	\$186	\$147	\$194	\$253	\$231	\$200
25th Percentile	10-year moving	Smoothed	\$199	\$199	\$199	\$199	\$199	\$199
Median	3-year moving	Variable	\$168	\$134	\$189	\$241	\$249	\$192
Median	3-year moving	Smoothed	\$190	\$190	\$190	\$190	\$190	\$190
Median	5-year moving	Variable	\$192	\$142	\$173	\$225	\$225	\$190
Median	5-year moving	Smoothed	\$189	\$189	\$189	\$189	\$189	\$189
Median	10-year moving	Variable	\$186	\$139	\$186	\$231	\$208	\$189
Median	10-year moving	Smoothed	\$189	\$189	\$189	\$189	\$189	\$189
75th Percentile	3-year moving	Variable	\$168	\$125	\$177	\$215	\$230	\$180
75th Percentile	3-year moving	Smoothed	\$179	\$179	\$179	\$179	\$179	\$179
75th Percentile	5-year moving	Variable	\$192	\$135	\$167	\$211	\$205	\$181
75th Percentile	5-year moving	Smoothed	\$181	\$181	\$181	\$181	\$181	\$181
75th Percentile	10-year moving	Variable	\$186	\$136	\$182	\$223	\$199	\$185
75th Percentile	10-year moving	Smoothed	\$184	\$184	\$184	\$184	\$184	\$184
Highest	3-year moving	Variable	\$168	\$127	\$158	\$191	\$166	\$162
Highest	3-year moving	Smoothed	\$162	\$162	\$162	\$162	\$162	\$162
Highest	5-year moving	Variable	\$192	\$137	\$156	\$197	\$172	\$171
Highest	5-year moving	Smoothed	\$171	\$171	\$171	\$171	\$171	\$171
Highest	10-year moving	Variable	\$186	\$137	\$176	\$215	\$182	\$179
Highest	10-year moving	Smoothed	\$179	\$179	\$179	\$179	\$179	\$179



Significant risk for lower actual extraction rates and rising fees over next five years.



Current policy would set fees based on extractions around this level.