Board Meeting
Santa Rosa Plain Groundwater Sustainability Agency

Date: June 14
Time: 1:00 pm
Location: Santa Rosa Utility Field Office 35 Stony Point Rd, Santa Rosa, CA 95401
Address: 35 Stony Point Rd, Santa Rosa, CA 95401
http://www.sonomacountygroundwater.org

Chairwoman Lynda Hopkins and Director Shirlee Zane will be participating in the meeting via teleconference from Sonoma County Board of Supervisors Administrative Offices, Room 100A, 575 Administration Drive, Santa Rosa, CA 95401
This agenda shall be posted at this location.

Agenda

1. Call to Order and Roll Call

2. Public comment on matters not listed on the agenda but within the subject matter jurisdiction of the board

3. Consent Calendar
   a. Approve Minutes of April 12, 2018
   b. Approve Financial Report

4. Directors/Subcommittee Report
   a. Ad hoc committee on funding options

5. Advisory Committee Report

6. Information Items

7. Action Items
   a. Rate/fee study -- Provide feedback and recommendations on rate/fee study options.
   b. Basin Reprioritization – Description of the recently released Basin Reprioritization from the California Department of Water Resources, and possible board action authorizing Plan Manager to submit a comment letter and to request modification of basin boundaries.
   c. Purchasing, Investment and Capitalization Policies
      i. Purchasing policy
         Recommended action: adopt policy as presented.
ii. **Investment policy**  
Recommended action: adopt policy as presented.

iii. **Capitalization policy**  
Recommended action: adopt policy as presented.

d. **Agency staffing and consulting services for fiscal year 2018-19**
   
i. **Legal Services**  
Recommended action: authorize Administrator to execute a $20,000 extension of existing Service Agreement with Kronick, Moskovitz, Tiedemann and Girard

ii. **Facilitation Services**  
Recommended action: authorize Administrator to execute a no-cost extension of existing Service Agreement with California State University Sacramento

iii. **Technical, Outreach and Grant Services**  
Recommended action: authorize Administrator to execute a no-cost extension of existing Service Agreement with the Sonoma County Water Agency

iv. **Administrative Services**  
Recommended actions:
   
a. Extend the existing administrative contract with the Water Agency through October 31, 2018 for $30,000 and with Gold Ridge Resources Conservation District for $25,000 (for clerical and bookkeeping); and authorize the administrator to issue a Request for Proposals for Administrative Services in July and authorize the Chair to appoint an ad hoc to review and score proposals and to make recommendations to the Board at its August or October meeting; or

   b. Authorize legal counsel to negotiate and draft contract (for Board approval at its August meeting) for up to $100,000 with the Water Agency for administrative services for Fiscal Year 2018-19.

   e. **Logo** – Adopt official Santa Rosa Groundwater Sustainability Agency logo  
Recommended Action: Adopt proposed logo

8. **Administrator & Plan Manager Report**

9. **Adjournment**
<table>
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<tr>
<th>Member Agency</th>
<th>Directors</th>
<th>Alternates</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>City of Cotati</em></td>
<td>Susan Harvey</td>
<td>Mark Landman</td>
</tr>
<tr>
<td><em>City of Rohnert Park</em></td>
<td>Pam Stafford</td>
<td>Jake Mackenzie</td>
</tr>
<tr>
<td><em>City of Santa Rosa</em></td>
<td>Tom Schwedhelm</td>
<td>Chris Rogers</td>
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<tr>
<td>Vice Chair</td>
<td></td>
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<tr>
<td><em>County of Sonoma</em></td>
<td>Shirlee Zane</td>
<td>Susan Gorin</td>
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<tr>
<td><em>Gold Ridge Resource Conservation District</em></td>
<td>Joe Dutton</td>
<td>Mel Sanchietti</td>
</tr>
<tr>
<td><em>Independent Water Systems</em></td>
<td>Evan Jacobs</td>
<td>Michael Spielman</td>
</tr>
<tr>
<td><em>Sonoma County Water Agency</em></td>
<td>Lynda Hopkins</td>
<td>Susan Gorin</td>
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<tr>
<td>Chair</td>
<td></td>
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<tr>
<td><em>Sonoma Resource Conservation District</em></td>
<td>John Nagle</td>
<td>Walt Ryan</td>
</tr>
<tr>
<td><em>Town of Windsor</em></td>
<td>Mark Millan</td>
<td>Debora Fudge</td>
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**Special Accommodations**: If you have a disability which requires an accommodation, an alternative format, or requires another person to assist you while attending this meeting, please contact Ann DuBay, (707) 524-8378, as soon as possible to ensure arrangements for accommodation.

**Public Comment**: Any member of the audience desiring to address the Board on a matter on the agenda: please complete a Speaker Card and hand it to the Clerk of the Board at the beginning of the meeting or prior to the time the Board Chair closes public comment on the item about which you wish to speak. When called by the Chair, please walk to the podium, state your name and make your comments. The public may comment on closed session items prior to the Board adjourning to closed session. In order that all interested parties have an opportunity to speak, please be brief and limit your comments to the subject under discussion. Each person is usually granted 3 minutes to speak; time limitations are at the discretion of the Chair. While members of the public are welcome to address the Board, under the Brown Act Board members may not deliberate or take action on items not on the agenda, and generally may only listen.

**Meeting Documents**: The associated documentation is available at the offices of the local agencies listed above and on the website at: [http://www.sonomacountygroundwater.org](http://www.sonomacountygroundwater.org).

Any changes to the date of the hearing, or any other updates will be noticed on the above website.

For more information, please contact Ann DuBay, Ann.DuBay@SCWA.ca.gov.
1. Call to Order and Roll Call

Lynda Hopkins, Chairwoman, called the meeting to order at 1:04 pm and noted that a quorum of the board was present, consisting of the following Directors: Mel Sanchietti (for Joe Dutton), Susan Harvey, Lynda Hopkins, Mark Millan, John Nagle, Tom Schwedhelm, Evan Jacobs, Pam Stafford and Shirley Zane. Staff present included Ann DuBay of the Sonoma County Water Agency, Interim Administrator; Simone Peters, GSA Administrative Assistant; Jay Jasperse and Marcus Trotta of the Sonoma County Water Agency; Sally Van Etten, Raftelis Financial Consultants, Inc.; Scott Morris, Legal Counsel.

Director Hopkins said thank you to all City Council members and RCD partners at the meeting for their hard work on the GSA.

Director Zane remembered Carl Morrison from the Sonoma County Water Agency who died in a plane crash the previous week.

2. Public comments on matters not listed on the agenda but within the subject matter jurisdiction of the board
A representative from Well-Intell – Developers of a water level monitoring technology which consists of an automated network of sensors and monitors aquifers. He would eventually like to make a business offer but was attending this meeting to listen and learn.

3. Consent Calendar
   a. Approve Minutes of February 8, 2018
      Public Comments: None
      Director Harvey moved to approve the February 8 minutes as presented, Director Millan seconded. Motion passed unanimously.

   b. Approve Financial Report
      Public comments: None
      Director Harvey moved to approve the Financial Report, Director Zane seconded. Motion passed unanimously.

   c. Approve Report on In-kind Contribution Status
      Ann presented the In-kind Contribution status.
      Public comments: None
      Director Millan moved to approve the report on in-kind Contribution Status, Director Stafford seconded. Motion passed unanimously.

   d. Approve Resolution SRP-18-001 for Conflict of Interest Code per government Code section 87300
      Scott Morris, Legal Counsel presented the item with an amendment of the resolution date.
      Public Comments: None
      Director Stafford moved to approve the Conflict of Interest Code with a resolution date change, Director Harvey seconded. Motion passed unanimously.

4. Directors/Subcommittee Report
   Director Hopkins, Director Millan and Director Nagle provided an update on the Ad-hoc Committee Funding Options report. They have had two conference calls as a committee to discuss options. So far, they have not reached a recommendation and have no solution to present, but they do have a better understanding of legal nuances of funding options. They still have more questions than answers and admit finding a solution will be a challenge.
   Public comments were received from Sebastian Bertsch.
   No action was taken.

5. Advisory Committee Report
   Rue Furch, Advisory Committee Vice Chair, reported that the Advisory Committee has met twice since the last Board meeting. She acknowledged there is growing awareness as well as concern.
Community outreach remains very important, and Rue noted there must be a balance between obtaining more data and less costs. Lastly, she recognized the time, energy and expertise of GSA staff.

Public comments were received from Sebastian Bertsch
Action – More clarity needed on San Buenaventura court decision about ramifications of decisions on how broadly the benefit of groundwater is and able to be billed, and what ramifications it has on notions here. Possibly a monthly update on rate/fee study progress?

6. Informational Item
   a. Funding Options Study Update
   Ann DuBay provided a background of the Funding Options’ Study Update and suggested it was a good opportunity for the Board to provide feedback to the staff on key issues and to review pros and cons of funding options.

   Sally Van Etten, Raftelis Financial Consultants, Inc. gave an overview of the discussed options: 1) parcel fee, 2) combination fee and fee-based groundwater use, 3) parcel tax 4) fee on extraction only, 5) hybrid methodology, 6) continued contribution by the agencies and, 6) State intervention.

   Jay Jasperse, Sonoma County Water Agency, provided a description of three considered options. The first two options fit under the framework of Proposition 26 that fit under case law: 1) fee on extraction - estimating groundwater use either through estimates or actual meter data for each of the properties, about 80,000 in basin. Would have to be some regulation on de-minimis users such as a well registration program, consideration for re-charge, etc. 2) based on groundwater extraction but adds more flexibility based on actual data allocation between sub-user groups, probably easier to implement.

   The third option would be continued contribution by the member agencies, which would be easy to implement, would meet funding needs for years 3-5, but agencies wouldn’t be reimbursed for years one and two.

   Public comments were received from Paul Brophy and Bill Pasqueretta.
   Requested actions from the Board members included a) show detailed information behind recommendations, don’t only present recommendations, b) look at property protection as a benefit of protecting against subsidence, c) change the presentation from “staff recommendation” to “staff perspective”, d) provide visuals/show the Board members various options of where the boundaries are and where the stops are so we can understand the flow of thinking.

   b. Briefing on Groundwater Sustainability Plan initiation
   Marcus Trotta, Sonoma County Water Agency, provided an overview of Groundwater Sustainability Plan Initiation including process and next steps.
Agenda Item: 3A  
Meeting Date: June 14, 2018

Public Comments: None  
No action was taken

7. Action Items  
   a. Basin Boundary Modifications  
      Marcus Trotta presented the proposed modifications for Eastern and Western boundaries and recommended not making changes at this time.  
      Public Comments: None  
      Director Jacobs moved to approve the item as presented and Director Stafford seconded. Motion passed unanimously.

   b. Future GSA Administrative Staffing  
      Staff thinks there would be more efficiency in having one GSA Administrator rather than three. Seeks Board direction on future staffing options. Board agreed that Chair Hopkins should explore joint staffing opportunities with the other two Sonoma County GSAs.  
      Public Comments: None

8. Administrator & Plan Manager Report  
   Ann DuBay mentioned the Outreach program is developing a logo and it will be presented at the June Board meeting.  
   Jay Jasperse presented the Plan Manager update.  
   Public Comments: None  
   No action was taken.

9. Adjournment  
   The meeting adjourned at 3:50 p.m.
TO: Board of Directors  
FROM: Ann DuBay, Interim Administrator  
SUBJECT: Financial and In-kind Report through April 30, 2018

Summary: The Agency has received $310,777.50 in income and had $112,018.97 in expenses through April 30, 2018.

Background
This report covers the first ten months of fiscal year 2017-18.
The Agency’s budget for FY 17/18 is $350,000 in addition to $110,000 in match from the Gold Ridge RCD and Sonoma County Water Agency.
Reported in-kind from Gold Ridge RCD and Sonoma County Water Agency through April is $110,000.
Income for July – April was $310,777.50
Expenses for July - April was $112,018.97
Accounts receivable balance is $39,222.50
Accounts payable balance is $36,640.85
Net Income balance this month is in the positive at $198,952.82

List of Attachments
1. Agency Budget Performance as of 4/30/18

Contact
Ann DuBay, Interim Administrator, 707-524-8378 ann.dubay@scwa.ca.gov
## Santa Rosa Plain GroundWater Sustainability Agency

### Financial Report - Budget to Actual as of 4/30/18

#### FY 2017/18

<table>
<thead>
<tr>
<th>Account</th>
<th>Account Description</th>
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<th>FY 2017/18 Date (as of 4/30/18)</th>
<th>% of Budget</th>
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**Total Revenues**

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<th>310,777.50</th>
<th>88.79%</th>
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</thead>
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Interest: 0.00  
Total Interest: 0.00  
#DIV/0!

**Grand Total Revenues**

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Administration Services (Gold Ridge RCD)

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<td>Other Professional Serv (SCWA Grant Administration)</td>
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**Grand Total Expenses**

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Santa Rosa Plain Groundwater Sustainability Agency

Action Item

TO: Board of Directors
FROM: Ann DuBay, Interim Administrator
SUBJECT: Funding Options Update

Summary: Update on the Fee/Rate Study and other activities regarding options for future GSA funding and receive Board feedback and recommendations.

Background

At the February 8 Board meeting, Raftelis Financial Consultants provided an overview on the fee/rate study, including the study purpose, scope, timeline and preliminary findings. The Board provided helpful feedback about the data and process, and appointed an ad hoc committee comprised of Chairwoman Hopkins and Directors Dutton, Millan and Nagle.

Since that meeting, the following activities have occurred: Raftelis and staff provided a progress update to the Board at its April 12 meeting, including a report on Advisory Committee activities and recommendations and a summary of the March 21 Community Workshop. Staff and the consultant asked for Board feedback on the following options:

- **Flat Parcel charge**: Fee charged to parcels within the basin on fixed or per-acre basis.
- **Fee based on groundwater use**: Charged based on pure groundwater extraction.
- **Fee based on categories of estimated groundwater use (“Categorical Benefit Fee”)**: Current or potential groundwater users are segregated into different user categories (and several subcategories). This approach relies primarily on estimating the amount of groundwater use by municipalities/public water systems, agriculture and rural residential well owner and allocating costs to each category based on estimates of groundwater use within each category (or subcategory).

In addition, based on feedback received from the Board and the Advisory Committee, the ad hoc committee (in a conference call with staff, attorneys and members of Petaluma Valley and Sonoma Valley ad hoc committees), requested analysis of:

- **A parcel-based fee that would spread costs broadly, acknowledging the proportional benefit of groundwater to everyone in the basin (“Proportional Benefit Fee”)**: Under this approach, costs would also be spread more widely, but
there would be some differentiation based on factors such as the size of parcel, the land use, and the current or potential use of groundwater on the parcel.

Raftelis has been working extensively with the GSA administrator, plan manager and legal counsel on further refinement of data on both the Categorical Benefit Fee and the Proportional Benefit Fee.

**Legal Opinions and Timing**

Given recent court decisions regarding groundwater fees, staff, consultants, and legal counsel in all three Sonoma County GSAs agreed that it would benefit the GSAs to jointly seek a second legal opinion on possible funding options. The law firm Best, Best and Kreiger, LLC, (BBK) is an acknowledged leader in California on water financing and was engaged by a member agency prior to final GSA formation to provide advice on GSA funding in Sonoma County. BBK will be engaged as a subcontractor through the Agency’s existing agreement with Kronick to provide such a second opinion.

The original timeline for the funding options study anticipated the Board making a final decision at its June 14 meeting. This decision would allow staff to get the data to the County Assessor by August 1, in order to place the fee on the 2018-19 property tax bills (the fee would not be a property tax, but the tax bills would be a simple mechanism for fee collection). The fees would be collected in two billings (December 2018 and April 2019), and would allow the GSA to be self-sufficient in the fiscal year that begins July 1, 2019.

Based on the work that is still needed (including data refinement and a second legal opinion), plus the desire and necessity of additional public input (including a second public workshop/meeting to educate and inform people about a proposed fee), the GSA will not meet the County Assessor’s deadline.

While Raftelis’ timeline anticipated completing work by the end of June, there was more than $49,000 left in the $85,000 contract at its most recent billing (April 12). If costs exceed the $85,000, the GSA budget for fiscal year 2018-19 includes additional funding for the study and implementation.

Assuming the GSA does not want to develop its own billing system to administer the fee, the fee will be placed on the 2019-20 property tax bills, which are collected in the December 2019 through April 2020 timeframe. The GSA will have a six-month funding gap (July 2019 through December 2019 when revenues would start coming in). By rolling forward unspent funds from the current and next fiscal year and with Proposition 1 grant funding, staff believes that the GSA could continue to carry out technical work and basic administrative functions during the six-month funding gap.
The potential budget challenges the GSA could face will be offset by the benefits of additional stakeholder and public input; additional legal clarity; and assurances that the best possible data is used.

Board Feedback

The ad hoc committee, staff and consultants are seeking specific Board feedback on the following questions, related to options listed above:

1. Parcel tax or fee: *Is the Board interested in pursuing a flat parcel fee?*

2. Fee based on estimated groundwater use (Categorical Benefit Fee):
   a. To charge rural residential well users, they need to be regulated (likely through a simple well registration program): *Should staff take steps to bring an ordinance or resolution to the Board to regulate rural residential (de minimis) users?*
   b. Some municipalities are not currently using groundwater. *Should costs be shared by municipalities based on the actual and/or potential use of groundwater in the basin?*

3. Proportional Benefit Fee (a parcel-based fee that would spread costs broadly, but segmented by parcel size and, possibly, land-use designation):
   a. *Is the Board interested in pursuing this option?*
   b. *If so, should unirrigated Open Space parcels and other parcels (ex. CalTrans right of ways, water ways), be included in the fee base?*

4. Ongoing member agency contributions: *Is the Board interested in pursuing ongoing member agency contributions?*

Type of Vote Required

Simple Majority for feedback

(NOTE: A super-majority vote will be required in the future, if/when the Board is ready to move forward with a fee and a possible well registration ordinance.)

Fiscal Information

Staff Recommendation

Provide feedback to staff on questions related to potential fees.

List of Attachments

None

Contact

Ann DuBay, GSA Interim Administrator, 707-524-8378, ann.dubay@scwa.ca.gov
Santa Rosa Plain Groundwater Sustainability Agency
Action Item

TO: BOARD OF DIRECTORS
FROM: Jay Jasperse, Plan Manager
SUBJECT: 2018 California Department of Water Resources’ Basin Prioritization

Summary: Staff will provide an informational update on the California Department of Water Resources Draft 2018 SGMA Basin Prioritization results. The Board may take action to authorize the Plan Manager to (1) submit a comment letter on the draft document and to (2) submit or support a request for basin boundary modifications to include a portion of the Wilson Grove Highlands into the Santa Rosa Plain basin.

Background

The California Department of Water Resources (DWR) has released the Draft 2018 SGMA Basin Prioritization of groundwater basins and sub-basins throughout the state, which is scheduled to be finalized in fall 2018 following a public comment period. Once final, the 2018 prioritization will supersede the existing basin prioritizations established in 2014. Sonoma County figured prominently in changes between the 2014 and 2018 prioritization with Santa Rosa Plain, Petaluma Valley, and Sonoma Valley Basins increasing from medium to high priority. In addition, the Alexander Area Sub-basin, Healdsburg Area Sub-basin, and Wilson Grove Formation Highlands Basin were upgraded from very low to medium priority and will need to comply with SGMA should the draft prioritization be approved.

DWR’s basin prioritization involves classifying basins and sub-basins based on a variety of factors identified in the law, including: (1) population; (2) projected growth; (3) number of public water-supply wells; (4) total number of water wells; (5) amount of irrigated acreage; (6) reliance on groundwater; (7) documented impacts; and (8) other relevant information, including adverse impacts on local habitat and local stream flows.

Staff’s initial review of metrics and criteria used by DWR in their 2014 and 2018 prioritization process indicates that the primary components that influenced the change from medium to high priority include population growth projections, groundwater reliance, public water supply...
Agenda Item: 7B
Meeting Date: June 14, 2018

well density, habitat/streamflow impacts, and documented water quality impacts. Staff will be meeting with DWR, reviewing their analysis and comparing with any available local information and will report back on findings and any recommendations for submitting comments to DWR. Public comment is open for two months (until July 18th) with final prioritization in mid-October.

For the Santa Rosa Plain, the change from medium priority to high priority should have no immediate impact on Groundwater Sustainability Plan development or other GSA activities, as medium and high priority basins are subject to identical requirements and timelines under SGMA.

Potential for Revisiting Basin Boundary Modification

Staff is also communicating with DWR regarding the change in prioritization to the Wilson Grove Formation Highlands basin (which immediately borders both Santa Rosa Plain and Petaluma Valley basins).

At its April meeting, the Board discussed the option of expanding the western boundary of the Basin to include portions of the Wilson Grove Formation Highlands Groundwater Basin up to the surface watershed divide. If the Santa Rosa Plain GSA were to expand its boundaries to the watershed line, it would add approximately 12,112 acres and 5,418 parcels (848 acres and 2,387 parcels within the City of Sebastopol and 11,264 acres and 3,031 parcels of unincorporated property). Previous technical studies indicate that the areas are hydrogeologically connected and groundwater flows from the Wilson Grove area toward the Santa Rosa Plain B118 sub-basin. However, data gaps and uncertainty exist related to: (1) the degree of the hydrogeologic connection between the areas and (2) whether the surface water divide coincides with a groundwater flow divide that would represent an appropriate new western boundary.

At the April meeting, the Board decided to not request basin boundary modifications during the current submission period which ends June 30, 2018 based on staff and advisory committee recommendations. At that time, staff recommendations to not pursue basin boundary modifications were based on: (1) uncertainties related to the technical justifications and community support; (2) lack of existing funding for the effort; and (3) the need to move forward with other technical work related to GSP development.

However, the April 12, 2018 staff report on the basin boundary considerations also noted that “Should the prioritization and SGMA compliance requirements change for the Wilson Grove Highlands Groundwater basin from DWRs reprioritization process (projected to be released in Spring 2018), stakeholders perspectives on boundary modifications may change.” With the elevated priority for the Wilson Grove Formation Highlands basin in the 2018 Draft Prioritization it is likely that stakeholders’ perspectives on basin boundary modifications within
the Wilson Grove Highlands basin have changed.

In addition to the likely change in stakeholder perspectives, DWR has indicated that a lower level of effort than originally contemplated for the modification request may be acceptable. Specifically, rather than preparing and submitting new documentation for the required hydrogeologic conceptual model and technical studies, submission of existing studies such as the 2014 U.S. Geological Survey study may be acceptable to DWR.

Based on these recent developments, staff is reviewing data to determine the impacts on the Wilson Grove Formation Highlands basin and Santa Rosa Plain sub-basin if the Santa Rosa Plain and Petaluma Valley basins moved boundaries to the west (to the watershed line), it is possible that Wilson Grove Formation Highlands could be moved back to low or very-low priority if both Santa Rosa Plain and Petaluma Valley GSAs expanded boundaries to the watershed line (removing the most populous areas from the Wilson Grove Formation Highlands).

It is also possible that the City of Sebastopol may wish to submit a jurisdictional basin boundary modification request to include the City’s jurisdictional area within the Santa Rosa Plain sub-basin.

Staff Recommendation

Depending on the outcome of the data analysis, the Board may consider authorizing the Plan Manager to take the following actions:

1. Submit a letter to DWR commenting on any data issues in the draft Basin Reprioritization document; and
2. Submit a request to DWR for an extension of the deadline for Basin Boundary Modifications (currently June 30, 2018) to August 31, 2018;
3. Should the lower level of effort in preparing and submitting a request be acceptable to DWR and supported by data analysis, preparing and submitting a Basin Boundary Modification request to expand Santa Rosa Plain’s boundaries to the watershed line and to include the entire city of Sebastopol; and
4. Should the City of Sebastopol request a jurisdictional basin boundary modification adding the City to the Santa Rosa Plain sub-basin, submit a support letter to DWR.

Fiscal Information

Minor staff costs; no impact anticipated to current and FY 2018-19 budget

Vote Required

Not Applicable
Agenda Item: 7B
Meeting Date: June 14, 2018

List of Attachments
Summary Table of reprioritization

Contact
Jay Jasperse, Plan Manager, Sonoma County Water Agency, (707) 547-1959
Marcus Trotta, Sonoma County Water Agency, (707) 547-1978
# Summary of 2014 & 2018 SGMA Prioritization – Santa Rosa Basin

<table>
<thead>
<tr>
<th>Criteria/Year Reported</th>
<th>Wilson Grove Highlands</th>
<th>Santa Rosa Plain</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2014</td>
</tr>
<tr>
<td>Basin Area (sq mi)</td>
<td>135.1</td>
<td>-</td>
</tr>
<tr>
<td>Basin Area (acres)</td>
<td>86,470</td>
<td>86,400</td>
</tr>
<tr>
<td>Population</td>
<td>38,149</td>
<td>37,799</td>
</tr>
<tr>
<td>Population/sq mi</td>
<td>282.35</td>
<td>-</td>
</tr>
<tr>
<td>Population projection (growth)</td>
<td>36,283</td>
<td>-</td>
</tr>
<tr>
<td>C1 Population Density Points</td>
<td>2</td>
<td>2</td>
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<tr>
<td>C2 Population Projection Priority Points</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>No. Public Supply Wells</td>
<td>99</td>
<td>92</td>
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<tr>
<td>Public Supply Wells/sq mi</td>
<td>0.73</td>
<td>-</td>
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<td>C3 Public Supply Well Density Priority Points</td>
<td>4</td>
<td>4</td>
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<tr>
<td>Total Groundwater Wells</td>
<td>5,767</td>
<td>8,422</td>
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<tr>
<td>Production Wells/sq mi</td>
<td>42.68</td>
<td>-</td>
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<tr>
<td>C4 Production Well Density Points</td>
<td>5</td>
<td>3.75</td>
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<tr>
<td>Irrigated Acres</td>
<td>10,137</td>
<td>10,404</td>
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<td>Irrigated Acres/sq mi</td>
<td>75.02</td>
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<td>C5 Irrigated Acreage Priority Points</td>
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<td>2</td>
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<tr>
<td>SW Use AF</td>
<td>6,111</td>
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<tr>
<td>Urban GW AF</td>
<td>4,119</td>
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<tr>
<td>Ag GW AF</td>
<td>18,153</td>
<td>-</td>
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<tr>
<td>Total Water Use</td>
<td>28,384</td>
<td>-</td>
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<tr>
<td>Total GW Use</td>
<td>22,273</td>
<td>3,417</td>
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<tr>
<td>GW Use – AF/Basin Acre</td>
<td>0.25</td>
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<tr>
<td>GW Use/AF/Basin Area Points</td>
<td>3</td>
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<tr>
<td>GW Percent Supply</td>
<td>78.46</td>
<td>23</td>
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<tr>
<td>C6 GW Priority Points</td>
<td>3.5</td>
<td>-</td>
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<tr>
<td>Groundwater Reliance Total*</td>
<td>NA</td>
<td>0</td>
</tr>
<tr>
<td>Impacts – Groundwater Level Declines</td>
<td>0</td>
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<tr>
<td>Impacts – Extraction Caused Subsidence</td>
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<tr>
<td>Impacts – Saltwater Intrusion</td>
<td>5</td>
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<td>Impacts – Water Quality</td>
<td>3</td>
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<td>C7 Impacts Priority Points</td>
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<tr>
<td>Streamflow Points</td>
<td>1</td>
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<td>Habitat Points</td>
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<tr>
<td>Adverse Adjustment Points</td>
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<tr>
<td>C8a Habitat Streamflow Priority Points</td>
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<tr>
<td>C8b Basin Other Info Priority Points</td>
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<tr>
<td>Total Points</td>
<td>18.5</td>
<td>0 (9.75)_</td>
</tr>
<tr>
<td>SGMA Priority</td>
<td>Medium</td>
<td>Very Low</td>
</tr>
</tbody>
</table>

*Groundwater Reliance Total*

Impact: Extracted water from groundwater sources is a significant component of the total water supply in the basin, contributing to the basin's water balance.

SGMA Priority:
- Medium (Wilson Grove Highlands)
- Very Low (Santa Rosa Plain)
Santa Rosa Plain Groundwater Sustainability Agency
Action Adoption Item

TO: BOARD OF DIRECTORS
FROM: Ann DuBay, Interim Administrator
SUBJECT: Purchasing, Investment and Capitalization Policies

Summary: Generally accepted accounting principles require the GSA to adopt policies for purchasing goods and services, for capitalization of assets, and for investments. The purchasing and capitalization policies are reflective of the GSA’s size and scope. Because the GSA’s bank is the Sonoma County Auditor-Treasurer-Tax Collector, the investment policy is required to comply with the County’s investment policy.

Background
Section 10.01 of the GSA’s joint powers agreement requires the Board to “establish and maintain such funds and accounts as may be required by generally accepted public agency accounting practices.” While the GSA has not made any significant purchases and does not currently have any assets, adoption of a purchasing policy and a capitalization policy will provide important guidance in the future. Because the GSA’s bank is the Sonoma County Auditor-Treasurer-Tax Collector, an investment policy is needed to allow the County to invest the GSA’s funds.

Purchasing Policy:
The proposed purchasing policy:

- Designates the Administrator as the Purchasing Agent;
- Requires Board approval to make purchases above $10,000 for unbudgeted purchases and above $50,000 for budgeted purchases (in compliance with GSA Bylaws);
- Requires a formal written agreement for services of any amount and for goods or supplies above $5,000;
- Requires Board approval of any legal services;
- Allows for informal quotes for purchases between $10,000-$25,000 for services and goods but requires a competitive bidding process for purchases above $25,000;
- Provides for exemptions from the competitive process under certain conditions including
emergencies and for services provided by member agencies (only with Board approval);
- Requires the GSA to comply with procedures in the Public Contract Code for public works projects over $10,000; and
- Provides GSA authority for getting rid of surplus property.

Capitalization Policy:
The Capitalization Policy provides guidelines for control and use of fixed assets. The procedures are intended to define fixed assets and to establish guidelines for budgeting, financial reporting, logging, inventorying, transferring, depreciating, and disposing of fixed assets.

The proposed policy includes the following:

- Definition of fixed assets, including land, buildings, machinery, equipment and components;
- Requirement that fixed assets with an acquisition cost of $5,000 or more will be subject to accounting and reporting (capitalization);
- Designation of the Administrator or his or her designee as responsible for establishing and maintaining systems and procedures to properly safeguard assets;
- A straight-line depreciation schedule

Investment Policy:
The County of Sonoma’s Auditor-Treasurer-Tax Collector serves as the bank for the GSA. Government Code section 53684(a) and Section 5(b) of the Sonoma County Statement of Investment Policy require the County Treasurer’s consent for the GSA’s participation in the County’s Pooled Investment Fund. The proposed investment policy (resolution) meets the County requirement and will allow the GSA to accrue interest on deposited funds.

Staff Recommendation
Staff recommends the Board:

1. Approve the Purchasing Policy;
2. Approve the Capitalization Policy;
3. Approve the Investment Policy.

List of Attachments

1. Purchasing Policy
2. Capitalization Policy
3. Investment Policy

Contact
Ann DuBay, Interim Administrator, ann.dubay@scwa.ca.gov, (707) 524-8378
COUNTY OF SONOMA

STATEMENT OF INVESTMENT POLICY

Effective 01-10-17
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Policy Statement</td>
<td>2</td>
</tr>
<tr>
<td>2.</td>
<td>Standards of Care</td>
<td>2</td>
</tr>
<tr>
<td>3.</td>
<td>Investment Objectives</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>(a) Safety of Capital</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>(b) Liquidity</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>(c) Maximum Rate of Return</td>
<td>2</td>
</tr>
<tr>
<td>4.</td>
<td>Implementation</td>
<td>3</td>
</tr>
<tr>
<td>5.</td>
<td>Participants</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>(a) Statutory Participants</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>(b) Voluntary Participants</td>
<td>3</td>
</tr>
<tr>
<td>6.</td>
<td>Authorized Persons</td>
<td>3</td>
</tr>
<tr>
<td>7.</td>
<td>Authorized Investments</td>
<td>4</td>
</tr>
<tr>
<td>8.</td>
<td>Prohibited Investments</td>
<td>4</td>
</tr>
<tr>
<td>9.</td>
<td>Investment Criteria</td>
<td>5</td>
</tr>
<tr>
<td>10.</td>
<td>Bankers’ Acceptance</td>
<td>6</td>
</tr>
<tr>
<td>11.</td>
<td>Commercial Paper</td>
<td>6</td>
</tr>
<tr>
<td>12.</td>
<td>Repurchase and Reverse Repurchase Agreements/Securities Lending Agreements</td>
<td>6</td>
</tr>
<tr>
<td>13.</td>
<td>Mutual Funds and Money Market Mutual Funds</td>
<td>6</td>
</tr>
<tr>
<td>15.</td>
<td>Collateral</td>
<td>7</td>
</tr>
<tr>
<td>17.</td>
<td>Withdrawal Requests</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>(a) Statutory Participants</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>(b) Voluntary Participants</td>
<td>8</td>
</tr>
<tr>
<td>18.</td>
<td>Delivery &amp; Safekeeping</td>
<td>8</td>
</tr>
<tr>
<td>19.</td>
<td>Apportionment of Interest &amp; Costs</td>
<td>8</td>
</tr>
<tr>
<td>20.</td>
<td>Review, Monitoring and Reporting of the Portfolio</td>
<td>8</td>
</tr>
<tr>
<td>21.</td>
<td>Limits on Honoraria, Gifts and Gratuities</td>
<td>9</td>
</tr>
<tr>
<td>22.</td>
<td>Audits</td>
<td>9</td>
</tr>
<tr>
<td>23.</td>
<td>Exception to Policy</td>
<td>9</td>
</tr>
<tr>
<td>24.</td>
<td>Investment of Bond Proceeds</td>
<td>9</td>
</tr>
<tr>
<td>25.</td>
<td>Disaster Recovery Plan</td>
<td>9</td>
</tr>
<tr>
<td>26.</td>
<td>Glossary of Terms</td>
<td>11</td>
</tr>
</tbody>
</table>
COUNTY OF SONOMA

STATEMENT OF INVESTMENT POLICY

Under the authority delegated to the County Treasurer by the Board of Supervisors to invest and reinvest all of the funds in the County Treasury and, in accordance with the California Government Code, the following sets forth the investment policy of the County of Sonoma:

1. POLICY STATEMENT

The purpose of this Investment Policy (Policy) is to establish cash management and investment guidelines for the County Treasurer, who is responsible for the stewardship of the Sonoma County Pooled Investment Fund (Pooled Investment Fund). Each transaction and the entire portfolio must comply with California Government Code Section 53601, et. seq., Section 53635, et. seq., and this policy. All portfolio activities will be judged by the standards of the Policy and ranking of investment objectives.

2. STANDARDS OF CARE

The County Treasurer is the Trustee of the Pooled Investment Fund and, therefore, a fiduciary subject to the prudent investor standard. The County Treasurer, employees involved in the investment process and the members of the Treasury Oversight Committee (Oversight Committee) shall refrain from all personal business activity that could conflict with the management of the investment program. All individuals involved will be required to report all gifts and income in accordance with California State law. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the County Treasurer shall act with the care, skill, prudence and diligence to meet the aims of the investment objectives listed in the Policy.

3. INVESTMENT OBJECTIVES

The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes. The specific objectives for the Pooled Investment Fund are ranked in order of importance:

   [a] SAFETY OF CAPITAL - The preservation of capital is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they be from securities default or erosion of market value.

   [b] LIQUIDITY - As a second objective, the Pooled Investment Fund should remain sufficiently flexible to ensure the County Treasurer meets all operating requirements, which may be reasonably anticipated in any depositor’s fund.

   [c] MAXIMUM RATE OF RETURN - As the third objective, the Pooled Investment
Fund should be designed to attain a rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles and cash flow characteristics identified herein.

4. IMPLEMENTATION

In order to provide direction to those responsible for management of the Pooled Investment Fund, the County Treasurer has established this Policy and presented it to the Treasury Oversight Committee and the Board of Supervisors, and has provided the report to the legislative body of local agencies that participate in the Pooled Investment Fund.

The Policy defines investible funds; authorized instruments; credit quality required; maximum maturities and concentrations; collateral requirements; qualifications of broker-dealers and financial institutions doing business with, or on behalf of, the County; limits on gifts and honoraria; the reporting requirements; the Treasury Oversight Committee; the manner of appropriating costs; and the criteria to request withdrawal of funds.

5. PARTICIPANTS

[a] STATUTORY PARTICIPANTS - General Participants are those government agencies within the County of Sonoma for which the Sonoma County Treasurer is statutorily designated as the Custodian of Funds.

[b] VOLUNTARY PARTICIPANTS - Other local agencies, such as Special Districts and Cities for which the Treasurer is not the statutory designated Custodian of Funds, may participate in the Pooled Investment Fund. Such participation is subject to the consent of the County Treasurer and must be in accordance with the California Code Section 53684, et seq. The agency must approve in writing the Pooled Investment Fund as an authorized investment and accept the County of Sonoma Investment Policy.

6. AUTHORIZED PERSONS

The Sonoma County Board of Supervisors, by resolution, has delegated investment responsibility for the Sonoma County Investment Program to the Auditor-Controller-Treasurer-Tax Collector. Daily management responsibility of the investment program has been assigned to the Assistant Treasurer-Tax Collector. The Treasury Manager or the Investment and Debt Officer are also authorized to initiate investment transactions.

All investment decisions shall be made with care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting as a trustee in a like capacity and familiarity would use in the conduct of funds of a like character, and with like aims, to safeguard the principal and maintain the liquidity needs of depositors.
7. **AUTHORIZED INVESTMENTS**

Authorized investments shall match the general categories established by the California Government Code Section 53635, et. seq., and further defined by California Government Code Section 53601, et. seq.. Authorized investments shall also include, in accordance with California Government Code Section 16429.1, investments into the State Local Agency Investment Fund (LAIF). No investment shall be made in any security with a maturity greater than five years, unless the Board of Supervisors has granted express authority to make that investment. As the California Government Code is amended, this Policy shall likewise become amended.

8. **PROHIBITED INVESTMENTS**

No investments shall be authorized that have the possibility of returning a zero or negative yield if held to maturity. These shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.
### INVESTMENT CRITERIA

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Maximum Maturity</th>
<th>Maximum % of Pool</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S Treasury and Agency Securities ($§53601 (b &amp; f))</td>
<td>5 years</td>
<td>100</td>
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<tr>
<td>Obligations Issued or Unconditionally Guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation or Inter-American Development Bank ($§53601 (q))</td>
<td>5 years</td>
<td>30</td>
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<tr>
<td>Bonds and Notes issued by local agencies ($§53601 (a &amp; c))</td>
<td>5 years</td>
<td>100</td>
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<td>Registered State Warrants and Municipal Notes and Bonds ($§53601 (c &amp; d))</td>
<td>5 years</td>
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<td>Bankers’ Acceptances (See Section 10) ($§53601 (g))</td>
<td>180 days</td>
<td>40</td>
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<tr>
<td>Commercial Paper (See Section 11) ($§53601 (b) and §53635 (a))</td>
<td>270 days</td>
<td>40</td>
<td>A-1/F-1/P-1</td>
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<tr>
<td>Negotiable Certificates of Deposit ($§53601 (i))</td>
<td>5 years</td>
<td>30</td>
<td>N/A</td>
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<tr>
<td>Repurchase Agreements (See Section 12) ($§53601 (j))</td>
<td>1 year</td>
<td>100</td>
<td>N/A</td>
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<tr>
<td>Reverse Repurchase Agreements and Securities Lending Agreements (See Section 12) ($§53601 (j))</td>
<td>92 days</td>
<td>20</td>
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<tr>
<td>Medium Term Corporate Notes ($§53601 (k))</td>
<td>5 years</td>
<td>30</td>
<td>A</td>
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<td>Mutual Funds &amp; Money Market Mutual Funds (See Section 13) ($§53601 (l))</td>
<td>N/A</td>
<td>20</td>
<td>Aaa &amp; AAAm</td>
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<td>Collateralized Mortgage Obligations ($§53601 (o))</td>
<td>5 years</td>
<td>20</td>
<td>AA</td>
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<tr>
<td>Joint Powers Agreement (See Section 14) ($§53601 (p))</td>
<td>N/A</td>
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<td>Local Agency Investment Fund (LAIF) ($§16429.1)</td>
<td>N/A</td>
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<td>Investment Trust of California (CalTRUST) ($§6509.7)</td>
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<td>Collateralized Time Deposits ($§53649et seq.)</td>
<td>5 years</td>
<td>N/A</td>
<td>N/A</td>
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</table>
10. **BANKERS’ ACCEPTANCE**

No more than 30 percent of the agency’s surplus funds may be invested in the Bankers’ Acceptances of any one commercial bank pursuant to this section.

11. **COMMERCIAL PAPER**

All commercial paper issuers must maintain an “A-1” rating by Standard & Poor’s Corporation, a “P-1” rating by Moody’s Investor Service, or a “F-1” rating by Fitch Financial Services, issued by corporations operating within the United States, and having total assets in excess of five hundred million dollars (500,000,000.00). As used in this policy, “corporation” includes a limited liability company.

No more than 10% of the total assets of the investments held by a local agency may be invested in any one issuer’s Commercial Paper.

12. **REPURCHASE AND REVERSE REPURCHASE AGREEMENTS / SECURITIES LENDING AGREEMENTS**

Under California Government Code Section 53601, Paragraph (j) and Section 53635, the County Treasurer may enter into repurchase agreements and reverse repurchase agreements / securities lending agreements. The maximum maturity of repurchase agreements shall be one year. The maximum maturity of a reverse repurchase agreement shall be 92 days, and the proceeds of reverse repurchase agreements / securities lending agreements may not be invested beyond the expiration of the agreement. The reverse repurchase agreements / securities lending agreements must be “matched to maturity.”

13. **MUTUAL FUNDS AND MONEY MARKET MUTUAL FUNDS**

A Mutual Fund managed by an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience investing in the securities and obligations authorized by Government Code Section 53601, subdivisions (a) to (k), inclusive, or subdivisions (m) to (o) and with assets under management in excess of five hundred million dollars ($500,000,000.00).

No more than 10% of the agency’s funds may be invested in any one Mutual Fund.

14. **JOINT POWERS AGREEMENT**

With approval of the Board of Supervisors, the Treasurer is allowed to enter into a Joint Powers Agreement with governments whose policies are consistent with or more restrictive than Sonoma County’s Statement of Investment Policy.
15. COLLATERAL

Repurchase agreements executed with approved broker-dealers must be collateralized with either: (1) U.S. Treasuries or Agencies with a market value of 102% for collateral marked to market daily; or (2) money market instruments which are on the approved list of the County and which meet the qualifications of the Policy, with a market value of 102%. Use of mortgage-backed securities for collateral is not permitted. For purposes of investing the daily excess bank balance, the collateral provided by the County's depository bank can include mortgage-backed securities valued at 100%.

16. CRITERIA FOR THE SELECTION OF BROKER/DEALERS AND FINANCIAL INSTITUTIONS

All transactions initiated on behalf of the Pooled Investment Fund and Sonoma County shall be executed through either government security dealers reporting as primary dealers to the Market Reports Division of the Federal Reserve Bank of New York, financial institutions that directly issue their own securities which have been placed on the Approved List of Broker/Dealers and Financial Institutions or broker/dealers in the State of California approved by the County Treasurer based on the reputation and expertise of the company and individuals employed. All brokers/dealers and financial institutions must have a strong industry reputation and open lines of credit with other dealers. Further, these firms must have an investment grade rating from at least one national rating service, if applicable.

Broker/dealers and financial institutions which have exceeded the political contribution limits within a four year period to the County Treasurer or any member of the governing board of a local agency or any candidate for those offices, are prohibited from the Approved List of Broker/Dealers and Financial Institutions.

Each broker/dealer or financial institution will be sent a copy of this Policy and a list of those persons authorized to execute investment transactions. Each firm must acknowledge receipt of such materials to qualify for the Approved List of Broker/Dealers and Financial Institutions.

Each broker/dealer and financial institution authorized to do business with Sonoma County shall, at least annually, supply the County Treasurer with financial statements.

17. WITHDRAWAL REQUESTS

[a] STATUTORY PARTICIPANTS - The County Treasurer will honor all requests to withdraw funds for normal cash flow purposes that are approved by the Sonoma County Auditor-Controller at a one dollar net asset value. Any requests to withdraw funds for purposes other than cash flow, such as for external investing, shall be subject to the consent of the County Treasurer. In accordance with California Government Code Section 27136, et seq., such requests for withdrawals must first be made in writing to the County Treasurer. These requests are subject to the County Treasurer’s consideration of the stability and predictability of the Pooled Investment Fund, or the adverse effect on the interests of the other depositors in the Pooled
Investment Fund. Any withdrawal for such purposes shall be at the market value of the Pooled Investment Fund as of the date of the withdrawal.

[b] VOLUNTARY PARTICIPANTS - For outside participants who utilize Government Code Section 53684, where the County Treasurer does not serve as the agency’s treasurer, any withdrawal request, with the exception of normal cash flow withdrawals, shall submit the request for withdrawal to the County Treasurer to determine the timing of the payout, in order that the withdrawal will not adversely affect the interests of the other depositors in the County Treasury Investment Fund. Withdrawals will be paid based upon the market value of the Pooled Investment Fund. If the Treasurer deems appropriate, the deposits may be returned at any time.

18. DELIVERY & SAFEKEEPING

Delivery of all securities shall be either to the County Treasurer or to a third party custodian. No securities shall be held in the safekeeping of a broker / dealer unless it is collateral for a reverse repurchase agreement.

19. APPORTIONMENT OF INTEREST & COSTS

Interest shall be apportioned to all Pooled Investment Fund participants quarterly, based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the Pooled Investment Fund. The amount of interest apportioned shall be determined using the accrual method of accounting, whereby interest will be apportioned for the quarter in which it was actually earned. The Treasurer shall deduct from the gross interest earnings those budgeted administrative costs relating to the management of the Treasury, including salaries and other compensation, banking costs, equipment costs, supplies, the cost of information services, audit and any other costs as provided by Section 27013 of the Government Code. The deduction shall be adjusted to actual cost in the fourth quarter of the fiscal year and/or the first quarter of the following fiscal year.

20. REVIEW, MONITORING AND REPORTING OF THE PORTFOLIO

Quarterly, the County Treasurer will provide to the Treasury Oversight Committee, the Board of Supervisors, and to any local agency participant a report on the Pooled Investment Fund. The report will list the type of investments, name of issuer, maturity date, par amount and dollar amount of the investment. For the total Pooled Investment Fund, the report will list average maturity, the market value and the pricing source. Additionally, the report will show any funds under the management of contracting parties, a statement of compliance to the Investment Policy and a statement of the Pooled Investment Fund’s ability to meet the expected expenditure requirements for the next six months.

Annually, the County Treasurer shall provide to the Treasury Oversight Committee a Statement of Investment Policy. Additionally, the County Treasurer will render a copy of the Statement of
Investment Policy to the Board of Supervisors and to the legislative body of the local agencies that participate in the Pooled Investment Fund.

21. **LIMITS ON HONORARIA, GIFTS AND GRATUITIES**

In accordance with California Government Code Section 27133 (d), et seq., this Policy hereby establishes limits for the County Treasurer, individuals responsible for management of the portfolios, and members of the Oversight Committee. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of $50 in a calendar 12 month time period from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the County Treasurer and complete the appropriate state forms.

No individual may receive aggregate gifts, honoraria and gratuities in a calendar twelve (12) month time period in excess of the limits established by the Fair Political Practices Commission (FPPC). Any violation must be reported to the FPPC on an annual basis.

22. **AUDITS**

The Treasury Oversight Committee shall initiate an annual audit to ensure the County’s Investment Portfolio is in compliance with its policy and state law.

23. **EXCEPTION TO POLICY**

The County Treasurer, except as prohibited by state law, can make exceptions to the investment purchasing limits when he deems it in the best interest of all of the Pooled Investment Fund participants. All exceptions will be reported in the quarterly report. Any State of California legislative action that further restricts allowable maturities, investment type, or percentage allocations will become effective immediately.

24. **INVESTMENT OF BOND PROCEEDS**

The County Treasurer shall invest bond proceeds using the standards of the County of Sonoma’s Investment Policy. The bond proceeds will be invested in securities permitted by the bond documents. If the bond documents are silent, the bond proceeds will be invested in securities permitted by the County of Sonoma’s Investment Policy.

25. **DISASTER RECOVERY PLAN**

The County Treasurer’s Disaster Recovery Plan includes contact information for the Treasury staff and key county personnel, as well as contact information for authorized banks and brokers. Copies of the plan have been distributed to the investment staff: Assistant Treasurer-Tax Collector, Treasury Manager, and Investment and Debt Officer.
In the event we are unable to conduct normal business operations, the investment staff shall interact with one another by home phone, cell phone, or e-mail to decide on an alternate location from which to conduct daily operations. If unable to contact one another, the investment staff shall establish contact with one another through the County Office of Emergency Services.
GLOSSARY OF TERMS

ACCRUED INTEREST
Interest that has accumulated but has not yet been paid from the most recent interest payment date or issue date to a certain date.

BANKERS’ ACCEPTANCES
A time bill of exchange drawn on and accepted by a commercial bank to finance the exchange of goods. When a bank “accepts” such a bill, the time draft becomes, in effect, a predated, certified check payable to the bearer at some future specified date. Little risk is involved for the investor because the commercial bank assumes primary liability once the draft is accepted.

BASIS POINT
One basis point is equal to 1/100 of one percent. For example, if interest rates increase from 4.25% to 4.50%, the difference is referred to as a 25-basis-point increase.

BOOK VALUE
The value of a held security as carried in the records of an investor. May differ from current market value of the security.

BROKER/DEALER
Any person engaged in the business of effecting transactions in securities in this state for the account of others or for her/his own account. Broker/dealer also includes a person engaged in the regular business of issuing or guaranteeing options with regard to securities not of her/his own issue.

COMMERCIAL PAPER
Short-term, unsecured promissory notes issued in either registered or bearer form and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30-45 days.

COUPON RATE
The annual rate of interest payable on a security expressed as a percentage of the principal amount.

CREDIT RISK
The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CURRENT YIELD
The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor’s cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.
CUSIP NUMBERS
CUSIP is an acronym for Committee on Uniform Security Identification Procedures. CUSIP numbers are identification numbers assigned each maturity of a security issue and usually printed on the face of each individual security in the issue. The CUSIP numbers are intended to facilitate identification and clearance of securities.

DISCOUNT
The amount by which the par value of a security exceeds the price paid for the security.

EARNINGS APPORTIONMENT
The quarterly interest distribution to the Pooled Investment Fund Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pooled Investment Fund.

FAIR VALUE
The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL FUNDS
Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend Fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

FEDERAL FUNDS RATE
Interest rate at which banks lend federal funds to each other.

FEDERAL OPEN MARKET COMMITTEE (FOMC)
This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FLOATING RATE NOTE
A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, LIBOR, etc.).

INTEREST
The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

LOCAL AGENCY INVESTMENT FUND (LAIF)
The State of California investment pool in which money of local agencies is pooled as a method for managing and investing local funds.

MARKET VALUE
The price at which a security is trading and could presumably be purchased or sold.
**MATURITY**
The date upon which the principal of a security becomes due and payable to the holder.

**MONEY MARKET MUTUAL FUND**
A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

**PAR**
The stated maturity value, or face value, of a security.

**PAR VALUE**
The stated or face value of a security expressed as a specific dollar amount marked on the face of the security; the amount of money due at maturity. Par value should not be confused with market value.

**PREMIUM**
The amount by which the price paid for a security exceeds the security’s par value.

**PRIME RATE**
A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

**REPURCHASE AGREEMENT OR RP OR REPO**
An agreement consisting of two simultaneous transactions whereby the investor purchases securities from a bank or dealer and the bank or dealer agrees to repurchase the securities at the same price on a certain future date. The interest rate on a RP is that which the dealer pays the investor for the use of his funds. Reverse repurchase agreements are the mirror image of the RPs when the bank or dealer purchases securities from the investor under an agreement to sell them back to the investor.

**SECURITIES LENDING**
A transaction wherein the Treasurer’s Pooled Investment Fund transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

**SETTLEMENT DATE**
The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

**TRADE DATE**
The date and time corresponding to an investor’s commitment to buy or sell a security.

**WEIGHTED AVERAGE MATURITY**
The remaining average maturity of all securities held in a portfolio.
SANTA ROSA PLAIN GROUNDWATER SUSTAINABILITY AGENCY
FIXED ASSET MANAGEMENT POLICY

I. PURPOSE

The purpose of this policy is to ensure adequate control and appropriate use of Santa Rosa Plain Groundwater Sustainability Agency ("Agency") fixed assets. The procedures are intended to define fixed assets and to establish guidelines for budgeting, financial reporting, logging, inventoring, transferring, depreciating, and disposing of fixed assets.

This policy is intended to be in accordance with Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB) Statement No. 34, No. 35, and No. 51, and follow the best practices established for the maintenance of capital asset records.

II. POLICY

It is the policy of the Agency that fixed assets be used for appropriate Agency purposes and be properly accounted for. It is the responsibility of the Administrator or his or her designee to ensure fixed assets will be inventoried on a periodic basis, and accounted for by fund and asset category. It is the responsibility of the Administrator or his or her designee to ensure that proper budgeting and purchasing guidelines are followed and that fixed assets are adequately secured.

III. OBJECTIVES

The Agency’s fixed asset policy has two (2) objectives:

A. Accounting and Financial Reporting - To accurately account for and report fixed assets to the Board of Directors, external reporting agencies, granting agencies, and the public.

B. Safeguarding – To protect its fixed assets from loss or theft.

The Administrator or his or her designee is responsible for, and has established, systems and procedures through which both objectives are met. The system and procedures are used to identify, process, control, track, and report Agency fixed assets.

IV. PROCEDURES

A. Capitalization Definition and Threshold

Fixed assets comprise of land, land improvements/infrastructure, buildings, furniture/equipment, software, and intangible assets that meet two (2) criteria:

- A useful life of more than one year, and
- Acquisition cost of $5,000 or more ("Capitalization Threshold")

All costs associated with the purchase or construction should be considered in calculating the
acquisition cost, including ancillary costs such as freight and transportation charges, site preparation expenditures, installation charges, professional fees, and legal costs directly attributable to asset acquisition.

B. **Specific Capitalization Requirements**

1. The capitalization threshold is applied to individual units of fixed assets. For example, ten desks purchased through a single purchase order each costing $1,000 will not qualify for capitalization even though the total cost of $10,000 exceeds the threshold of $5,000.

2. The capitalization threshold will generally not be applied to components of fixed assets. For example, a tractor purchased with several attachments will not be evaluated individually against the capitalization threshold. The entire equipment with components will be treated as a single fixed asset.

3. Repair is an expense that keeps the property or equipment in good working condition. The cost of the repair does not add to the value or prolong the life of the asset. All repair expenditures are charged to the appropriate department fund.

4. Software programs will be regarded as fixed assets subject to capitalization. Costs associated with software maintenance and customer support are considered expenditures and will not be capitalized.

5. Improvements to existing fixed assets will be presumed to extend the useful life of the related fixed asset and, therefore, will be subject to capitalization only if the cost of the improvement meets the $5,000 threshold.

6. Capital projects will be capitalized as “construction in progress” until completed. Costs to be capitalized include direct costs, such as labor, materials, and transportation, indirect costs such as engineering and construction management, and ancillary costs such as construction period interest.

7. Additions and deletions to the fixed asset inventory records shall be made on an annual basis, as set forth in Section IV.C below.

8. Ownership – The Agency is identified as either the titled owner or legally responsible party (leased items) for the asset. In cases where the entity which receives the “use and enjoyment” of the asset is not the titled owner, the asset is considered a capital lease and recorded on the non-owners books and records. Jointly funded capital assets paid for by two governmental entities should be capitalized by the entity responsible for managing the asset or future maintenance.

9. Contributed assets are defined as voluntary contributions of resources to a
governmental entity by an unrelated person or entity. All contributed assets are to be valued at the fair-market value of the asset at the date of donation or gift, plus ancillary charges, if any. Contributed assets should be depreciated based on the asset class and useful life (or estimated remaining useful life based on age of contributed asset). According to GASB 33, recipients of contributed (donated) capital assets must recognize fixed asset contributions as revenues and not as contributed capital. The contributed asset and related revenue are to be recognized when the asset is received. To qualify as a capital asset, the fair-market value of the contributed asset must exceed the County’s capitalization threshold for the applicable asset class.

10. Assets required to be controlled and separately reported pursuant to grant conditions and other operational or externally imposed requirements may be subject to additional requirement. For example, a grant program that has funded the acquisition of a fixed asset may impose a requirement that the fixed asset be tracked and identified as a grant funded asset. The major authoritative sources for federal rules and regulations include the Common Rule issued by a number of major federal agencies and numerous Office of Management and Budget (OMB) Circulars that are organization and topic specific. Please refer to the grant for specific guidelines and rules regarding purchasing capital assets with these funds.

11. Capitalized Interest - For Business-type activities and enterprise funds, if the asset meets the requirements prescribed under GASB 62 paragraph 5-22, Capitalization of Interest, actual or imputed interest (capitalized interest) costs associated with the asset should be calculated and added to the asset value.

C. Recordkeeping

Documentation for each purchase or acquisition shall be kept on file. The Administrator or his or her designee shall maintain a depreciation schedule of fixed assets including the date the asset was placed in service, its cost or acquisition value, its salvage value, estimated useful life, annual depreciation, and total accumulated depreciation.

The Agency has defined useful lives by asset class:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>50 years</td>
</tr>
<tr>
<td>Arch/Engineering</td>
<td>10 - 50 years</td>
</tr>
<tr>
<td>Construction Engineering</td>
<td>10 - 50 years</td>
</tr>
<tr>
<td>Other Real Property</td>
<td>10 - 50 years</td>
</tr>
<tr>
<td>Improvements Other-Contributed Capital</td>
<td>10 - 50 years</td>
</tr>
<tr>
<td>Fixed Shop Equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Portable Shop Equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Field Equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Safety Equipment</td>
<td>5 years</td>
</tr>
</tbody>
</table>
Heavy Mobile Equipment     15 years
Communication Equipment     5 years
Furniture & Fixtures     5 years
Office Machines     5 years
Visual Aid     5 years
Computers     5 years
Other Assets     5 years
Computer Software     5 years
Books     10 years
Vehicles     5 years
Trucks     5 years

The Agency has established the straight-line methodology for depreciating all fixed assets. Under the straight-line depreciation method, the cost of the asset is written off evenly over the useful life of the asset. The amount of annual depreciation is determined by dividing an asset’s cost reduced by the salvage value, if any, by its estimated life.

Annual depreciation expense will be included in the Agency’s annual operating budget.

D. Safeguarding Fixed Assets

The Administrator or his or her designee is responsible for establishing and maintaining systems and procedures to properly safeguard assets to minimize risk of loss and/or misuse of the property. Controls include capital asset tagging and capital asset inventory controls. A certification inventory of all capital assets, including assets acquired with grant funds, is performed annually. This inventory is based on all capital assets placed in service.
Resolution No. SRP-18-003

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA ROSA PLAIN GROUNDWATER SUSTAINABILITY AGENCY ADOPTING THE PURCHASING POLICY OF THE AGENCY

WHEREAS, the Santa Rosa Plain Groundwater Sustainability Agency (“Agency”) is a joint powers authority formed pursuant to a Joint Exercise of Powers Agreement entered into by the City of Cotati, City of Rohnert Park, City of Santa Rosa, Town of Windsor, Sonoma Resource Conservation District, Gold Ridge Resource Conservation District, Sonoma County Water Agency, and County of Sonoma, each of which is a local agency as defined by “Sustainable Groundwater Management Act” at California Water Code Section 10720 et seq. (“SGMA”); and

WHEREAS, the Agency is the Groundwater Sustainability Agency (“GSA”), formed for the purpose of achieving groundwater sustainability through the adoption and implementation of Groundwater Sustainability Plans (“GSP”) pursuant to SGMA; and

WHEREAS, the Agency is committed to sustainable management of the Subbasin’s groundwater resources; and

WHEREAS, Water Code section 10726.2(a) authorizes the Agency to "acquire by grant, purchase, lease, gift, devise, contract, construction, or otherwise, and hold, use, enjoy, sell, let, and dispose of, real and personal property of every kind, including lands, water rights, structures, buildings, rights-of-way, easements, and privileges, and construct, maintain, alter, and operate any and all works of improvements, within or outside, the agency, necessary or proper to carry out any of the purposes of [SGMA]."

WHEREAS, in order to carry out the purposes of SGMA, the Agency must exercise its powers, including those under Water Code section 10726.2(a), in a responsible and uniform manner.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Santa Rosa Plain Groundwater Sustainability Agency, as follows:

1. All recitals are true and correct.
2. The Agency hereby adopts the attached Purchasing Policy.

The foregoing resolution was duly passed at a regular meeting of the Board of Directors of the Santa Rosa Plain Groundwater Sustainability Agency held on _____________ by the following vote on roll call:

DIRECTORS:
Nagle: _____ Stafford: _____ Zane: _____ Jacobs: _____

Ayes: _____ Noes: _____ Absent: _____ Abstain: ____
I. Purpose

The purpose of this policy is to establish policies and procedures for the purchase of supplies and equipment, services, and public projects.

II. Definitions

The following words and phrases shall have the meanings ascribed to them by this section throughout this Ordinance:

A. “Administrator” shall mean the person or entity appointed by the Board pursuant to Section 9.01 of the JPA Agreement.

B. “Agency” shall mean the Santa Rosa Plain Groundwater Sustainability Agency, a joint powers authority formed by the City of Cotati, City of Rohnert Park, City of Santa Rosa, Town of Windsor, Sonoma Resource Conservation District, Gold Ridge Resource Conservation District, Sonoma County Water Agency, and County of Sonoma.

C. “Board” shall mean the Board of Directors of the Santa Rosa Plain Groundwater Sustainability Agency.

D. “JPA Agreement” shall mean the Santa Rosa Plain Groundwater Sustainability Agency Joint Exercise of Powers Agreement.

E. “Member Agencies” shall mean the members of the Agency, including the City of Cotati, City of Rohnert Park, City of Santa Rosa, Town of Windsor, Sonoma Resource Conservation District, Gold Ridge Resource Conservation District, Sonoma County Water Agency, and County of Sonoma.

F. “Nonprofessional services” shall mean and include services of a nonprofessional character of any type, description or variety, including but not limited to maintenance, tree trimming services, janitorial services, repair services for office machines and equipment, landscaping maintenance, security services, and other services not within the scope of the definition of "public projects" or the "professional services."

G. “Open Market Purchase” shall mean the purchase of supplies and equipment without the need for an informal or formal solicitation process.
H. “Professional Services” shall mean services requiring skill, expertise, or specialized training, including but not limited to legal services, architectural or engineering design services, and financial and management consulting services.

I. “Public Project” has the same meaning as in Section 20161 of the Public Contract Code.

J. “Purchasing Agent” shall mean the individual described in Section IV of this Ordinance.

III. Avoiding Conflicts of Interest

The Purchasing Agent and all other officers and employees of the Agency shall comply with all laws and regulations regarding conflicts of interest while engaging in contracting on behalf of the Agency.

IV. Purchasing Agent

The Administrator shall act as the Purchasing Agent for the Agency and shall be responsible for the proper administration of this Ordinance. The Administrator may delegate such duties and responsibilities assigned as appropriate and desirable to further the administration of this Ordinance, promote the operational efficiency of the Agency, and implement the policies of the Board.

V. Purchase Authorization

All purchases shall be in made in conformity with all policies adopted by the Board and any applicable law. Furthermore, except for the following exceptions, all purchases shall be made from unencumbered appropriations. Accordingly, no Open Market Purchases shall be made, no notice of award shall be issued, no contract shall be signed until the Purchasing Agent has determined that the unexpended balance in the appropriation is sufficient to defray the amount of such purchase or contract, or until provisions for modifying the appropriation are made.

A. Authority for Unbudgeted Expenditures. The Purchasing Agent shall be authorized to make or authorize expenditures of up to and including ten thousand dollars ($10,000) on unbudgeted goods and services. Such expenditures shall be subject to the availability of funds in the Agency's Operations and Maintenance or Capital Improvement Project budgets, as appropriate based on the nature of the goods or services, and shall be disclosed to the Board at the next regularly scheduled meeting.

B. Authority for Budgeted Expenditures. The Purchasing Agent shall be authorized to make or authorize expenditures of up to and including fifty thousand dollars ($50,000) on budgeted goods and services.

C. Expenditures Requiring Board Approval. The Purchasing Agent shall seek the approval of the Board for expenditures exceeding ten thousand dollars ($10,000)
on unbudgeted goods and services, or exceeding fifty thousand dollars ($50,000) on budgeted goods and services.

VI. Execution of Contracts.

All purchases of supplies or equipment under this policy in excess of five thousand dollars ($5,000), or the procurement of professional or nonprofessional services regardless of amount, must be made by formal written agreement executed by the Executive Director or designee on behalf of the Agency. The signature by the Administrator or designee shall constitute his or her verification that there remain unexpended and unapplied balances of appropriations or funds applicable thereto sufficient to make all payments for which the Agency is obligated under such contract or purchase order.

VII. Unauthorized Purchases and Commitments

It is unlawful for any officer or employee of the Agency to obligate the Agency in any way for purchases by methods other than those prescribed in this chapter. Any purchases, orders, commitments or obligations to pay made contrary to the provisions of this chapter, or related administrative policies adopted pursuant to this chapter, shall be null and void.

VIII. Open Market Purchases

Purchases for supplies, equipment, professional services, and nonprofessional services having an estimated value of five thousand dollars ($5,000) or less may be made in the open market.

When the cumulative dollar value of individual contract awards of five thousand dollars ($5,000) or less to one vendor or consultant exceeds five thousand dollars ($5,000) for a given fiscal year, subsequent contract awards to that vendor or consultant may only be made following the competitive procedures set forth in Articles IX or X, as applicable, of this Policy, for the remainder of the fiscal year in which the cumulative dollar value of such contracts awarded to that consultant or vendor exceeds five thousand dollars ($5,000).

IX. Informal Quotes

The Administrator is authorized to bind the Agency by contract or purchase order for the purchase of budgeted supplies, equipment, professional services and nonprofessional services of five thousand dollars ($5,000) to twenty-five thousand dollars ($25,000) without seeking Board approval or engaging in formal bidding procedures. Informal competitive bidding must be conducted, usually from at least three (3) vendors or consultants providing price quotes. Documentation of such quotes shall be maintained for a period of three (3) years.

Contracts for supplies, equipment, and nonprofessional services shall be awarded to the lowest priced and best qualified bidder. In addition to price and qualifications, consideration shall also be given to the quality of the supplies or equipment.

Pursuant to Government Code section 4526, contracts for professional services shall be awarded on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required.
X. **Formal Solicitation Requirements**

Purchases of supplies, equipment, professional services and nonprofessional services of twenty five thousand dollars ($25,000) or more shall be to firm or individual whose proposal has been solicited, received, and approved pursuant to the following procedure:

A. **Solicitation.**

1. The solicitation shall include the following statements:
   
   (i) A general description of the necessary supplies, equipment, or services;
   
   (ii) The location where solicitation documents and specifications may be secured; and
   
   (iii) The type and character of the bidder’s security, if any, required.

2. The solicitation shall be published on the Agency's website for at least ten (10) days. Agency staff are encouraged to post solicitations in additional locations as appropriate based on the procurement at issue.

B. **Security Required.** Whenever the solicitation for any purchase or contract, the Purchasing Agent or the Board deems it advisable, each bidder shall be required to submit with the bid as security, either in cash, by cashier’s check or by certified check in favor of and payable at sight to the Agency, or by surety bond, an amount determined to be sufficient, but not to exceed ten percent (10%) of the aggregate amount of the bid. If the bidder to whom the contract is awarded fails or neglects, for ten (10) calendar days after receipt of such award, to enter into the contract or to timely deliver or provide the desired supplies or equipment, the bid security shall be forfeited and the Purchasing Agent shall draw the money due on such bid security and pay the same, or any cash deposited, into the Agency treasury. The bid security shall not be returned to the defaulting bidder in such case until the Board approves the return thereof in whole or in part. Unsuccessful bidders will receive their bid security within thirty (30) days unless the Board deems it necessary to keep the bid security beyond the thirty (30) days.

C. **Opening of Bids; Public Record.** Written responses shall be submitted to the Purchasing Agent in sealed envelopes. A tabulation of all written responses received shall be opened for public inspection during regular business hours for a period not less than thirty (30) calendar days after the bid opening. Any materials submitted to the Purchasing Agent shall become public records.

D. **Rejection of Bids.** The Board may reject any and all bids for any reason whatsoever. When all bids are rejected, the Board may authorize any of the following:
1. Rewrite bids using the same or amended specifications;
2. Direct the Purchasing Agent to negotiate with bidders.

E. **Award of Bid.**

1. Contracts for supplies, equipment, and nonprofessional services shall be awarded to the lowest priced and best qualified bidder except as otherwise provided in this section. In addition to price and qualifications, consideration shall also be given to the quality of the supplies or equipment.

2. Pursuant to Government Code section 4526, contracts for professional services shall be awarded on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required.

3. The Purchasing Agent may waive any informality or immaterial irregularity in any bid.

4. If two or more bids received from qualified bidders are equal in price and quality, the Purchasing Agent may re-invite bids, choose one bid over the other, or negotiate with the bidders to receive a low bid.

F. **Record Retention.** All documents related to formal solicitations shall be maintained for three (3) years and in accordance with the Agency's Record Retention Policy.

XI. **Competitive Solicitation Exemptions**

Certain purchases are not readily adaptable to competitive pricing, informal or formal solicitation. These include the following purchases, which are exempt from the competitive solicitation requirements: Advertisements and notices, courier/delivery/messenger services, insurance, membership dues, print services, real property/easement acquisition, subscriptions, software licensing and maintenance agreements, trade circulars or books, certain travel expenses, vehicle and heavy equipment repairs, utility services and laboratory services. Other purchases may be exempt from competitive pricing requirements if they satisfy one of the following:

A. Professional Services or Nonprofessional Services Performed by Member Agencies. The Agency recognizes that its Member Agencies have specialized skills, experience, and institutional knowledge in performing professional and nonprofessional services related to the work of the Agency. For this reason, contracts with Member Agencies for professional or nonprofessional services may be exempt from competitive solicitation requirements upon the approval of the Board of Directors.
B. Cooperative Contract Purchases. The Agency may participate in a cooperative purchasing program with another government or cooperative organization. Cooperative procurement contracts arise when one or more public entity leverages economies of scale of large purchases, typically more than one entity’s needs, into a single competitive bid, then allows other public entities to piggyback/use the contract’s competitive priced items and/or services.

C. Directed Purchases. Directed purchases based on the need for standardization and/or compatibility: 1) Standardization may be needed to ensure commonality of items to save time, training or reduce replacement part stock; and 2) Compatibility may be needed to ensure proper components and warranty coverage remains intact in the replacement and/or repair of specific operational equipment by the manufacturer, dealer or service provider. Directed purchases are permissible upon justification and prior approval by the Purchasing Agent.

D. Sole Source Purchases. Sole source purchases are based on the need for proprietary items sold directly from the manufacturer, items that have only one distributor authorized to sell in the area or a certain product that has proven to be the only acceptable product through documented research. Sole source purchases are permissible upon justification and prior approval by the Purchasing Agent.

E. Emergency Purchases. Emergency purchases as authorized by the Board of Directors for the following purposes:

1. To preserve or protect life, health or property; or
2. Upon natural disaster; or
3. To forestall a shutdown of essential public services; or
4. To permit continuity of fundamental and critical Agency operations which would include items such as:
   (i) Unplanned equipment failure that could result in substantial revenue loss; and
   (ii) Release of a hazardous substance requiring immediate containment and/or remediation.

For any action under this emergency section, the Board of Directors must find, based on substantial evidence set forth and documented in the meeting minutes that the emergency contract or purchase is necessary for the stated reasons. Documentation shall include the reason for the emergency contract or purchase, the amount of the contract or purchase and the criteria for the selection of the particular vendor or contractor. In addition, the Board must evaluate the need for
continuing the emergency and emergency contracting or purchase authorization at each Board Meeting, and reaffirm the emergency necessity by a four-fifths vote of the Board.

Any purchase exempt from competitive solicitation pursuant to this Section shall be made subject to the purchase authorization thresholds set forth in Section V above.

XII. Public Works Projects

The procedure for notice, bidding, and awarding contracts on Public Projects shall be in accordance with Public Contract Code section 20160 and following for Public Projects over ten thousand dollars ($10,000).

XIII. Surplus Property

Pursuant to Water Code section 10726.2(a), the Agency has the authority to dispose of real and personal property of every kind, including lands, water rights, structures, buildings, rights-of-way, easements, and privileges.

A. Items of personal property no longer serving a functional purpose to the Agency may be designated Surplus Personal Property by the Purchasing Agent if they are valued at less than twenty-five thousand dollars ($25,000). If the value is in excess of this amount, the Purchasing Agent shall recommend to the Board designate the personal property as Surplus Property and the Board may make such a designation.

B. Surplus Personal Property valued at ten thousand dollars ($10,000) or more may shall be disposed of by public auction or through a surplus property clearinghouse authorized to provide its services to governmental entities within California.

C. Surplus Personal Property valued at less than ten thousand dollars ($10,000) may be disposed of in any manner that maximizes the financial benefit to the Agency, so long as that manner of disposal is consistent with all applicable conflict of interest laws and regulations.

D. Parcels of real property no longer serving a functional purpose to the Agency may be designated Surplus Real Property by the Board.

E. Surplus Real Property shall only be disposed of in accordance with Government Code section 54220 et seq.
Resolution No. SRP-18-002

RESOLUTION NO. 18-002 OF THE BOARD OF DIRECTORS
OF THE SANTA ROSA_plain groundwater sustainability agency
APPROVING THE COUNTY OF SONOMA'S POOLED INVESTMENT FUND AND
ACCEPTING THE COUNTY OF SONOMA'S INVESTMENT POLICY

WHEREAS, the Board of Directors ("Board") of the Santa Rosa Plain Groundwater Sustainability Agency ("Agency") has elected to have the Sonoma County Auditor-Controller-Treasurer-Tax Collector ("Treasurer") manage the finances of the Agency and act as the Agency's Custodian of Funds; and

WHEREAS, Section 5(b) of the Investment Policy of the County of Sonoma ("County") allows for voluntary participation by special districts in the County's Pooled Investment Fund; and

WHEREAS, Government Code section 53684 and Section 5(b) of the County's Investment Policy require that special districts voluntarily participating in the County's Pooled Investment Fund approve, in writing, the Pooled Investment Fund as an authorized investment and accept the County's Investment Policy; and

WHEREAS, the Board desires to approve the County's Pooled Investment Fund as an authorized investment of the Agency and accept the County's Investment Policy; and

WHEREAS, a copy of the County of Sonoma's Investment Policy is attached hereto and incorporated herein by this reference.

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Rosa Plain Groundwater Sustainability Agency that the Board hereby adopts the County's Pooled Investment Fund as an authorized investment of the Agency; and

BE IT FURTHER RESOLVED by the Board that the Board hereby adopts the County's Investment Policy.

The foregoing resolution was duly passed at a regular meeting of the Board of Directors of the Santa Rosa Plain Groundwater Sustainability Agency held on _____________ by the following vote on roll call:

DIRECTORS:
Sanchietti: _____ Landman: _____ Fudge: _____ Ryan: _____ Mackenzie: _____
Spielman: _____
Ayes: _____ Noes: _____ Absent: _____ Abstain: _____

By: ____________________________________
Tom Schwedhelm, Vice-Chairperson Santa Rosa Plain Groundwater Sustainability Agency

Attested by: ____________________________________  Date:  __________________
Ann DuBay, Administrator Santa Rosa Plain Groundwater Sustainability Agency
Santa Rosa Plain Groundwater Sustainability Agency
Information/Action/Adoption Item

TO: BOARD OF DIRECTORS
FROM: Ann DuBay, Interim Administrator
SUBJECT: GSA Staffing Agreements

Summary: Agreements for GSA staffing, including administrative, legal, facilitation and technical, outreach, and grant services expire on June 30, 2018. Staff recommends that the Board authorize the Administrator to sign no-cost extensions of the existing agreements and, additionally, provide staff direction on ongoing administrative services.

Background

Staffing for the GSA is provided through agreements with member agencies and consultants. Agreements for administrative, legal and technical/outreach/grant services are provided through three contracts, all which end at the end of the current fiscal year (June 30, 2018). However, all three contracts are under budget and have funds remaining. For a variety of reasons, described below, it is recommended that all three agreements be extended for no additional costs.

Legal:

The Sacramento-based law firm Kronick, Moskovitz, Tiedemann and Girard (KMTG) was selected to serve as general legal counsel for the GSA through a formal solicitation process in 2017, and a contract was approved by the Board at its August 2017 meeting. The contract expires at the end of the fiscal year. As of June 1, about $17,000 remains in the contract. KMTG is subcontracting with another firm, Best, Best & Kreiger, LLC, for a second legal opinion on GSA funding options. It is anticipated that the contract will be fully expended by mid-July.

Immediate options for the Board for FY 2018-19 include:

1. Extend the contract time to October 31 and add $20,000; or
2. Authorize the Administrator to renew the contract with the same terms for between one and three years for an additional $60,000-$180,000.
Agenda Item: 7D

Meeting Date: June 14, 2018

Staff recommends that the Board authorize the Administrator to add $15,000 to the contract and extend it through October 31, 2018 and review legal counsel performance in closed session at the August Board meeting.

Technical, Outreach and Grant services:

The Sonoma County Water Agency (Water Agency) entered into an agreement with the GSA at the June 2017 Board meeting to provide technical, outreach and grant administration services for $156,500. As a member agency, the Water Agency’s services were first credited against its $55,000 member-contribution. As of May 7, approximately $56,000 remained in the contract.

The recently awarded $1 million Proposition 1 grant for Groundwater Sustainability Plan preparation covers technical and outreach services. To ensure all grant-eligible costs are appropriately accounted for, the GSA should enter into a new contract with the Water Agency. The new contract would include grant provisions required by the California Department of Water Resources (which are currently being negotiated) and would cover the period of the grant (through June 30, 2022).

Staff recommends that the Board:

1. Approve a no-cost time extension of the existing contract through October 31, 2018; and
2. Authorize the administrator and legal counsel to negotiate with the Water Agency on a new contract for the period through June 30, 2022, to be brought to the Board at its August or October meeting (depending on completion of negotiations with DWR).

Facilitation:

The GSA currently has an agreement with the Center for Collaborative Policy to provide facilitation services for the Advisory Committee. This agreement was supplemented by Facilitation Support Services provided by DWR. Thanks to the DWR support, there is approximately $7,000 remaining in the CCP agreement. The Proposition 1 grant, which is currently being negotiated, includes facilitation for up to six Advisory Committee meetings annually. Future facilitation contracts for services funded by the DWR grant will be issued by the Water Agency, as part of grant administration.

Staff recommends that the Board:

1. Approve a no-cost time extension of the existing facilitation contract through October 31, 2018.
Administration:

At its June 2017 meeting, the Board entered into agreement for administrative services with the Gold Ridge Resource Conservation District (RCD) through the 2018-18 fiscal year. At its February meeting, the Board approved a $20,300 contract for the Water Agency to provide administrative services when the administrator provided by the Gold Ridge RCD went on maternity leave. The contracts with both Gold Ridge RCD and the Water Agency end on June 30, 2018.

The Water Agency contract has approximately $7,300 remaining in unexpended funds and anticipates the contract will be fully expended by June 30. Gold Ridge continues to provide clerical and bookkeeping services, and its contract will also be fully expended by the end of June.

At its April 2017 meeting, staff reported that because of the heavy commitment of time, Gold Ridge RCD could not provide administrative services in Fiscal Year 2018-19. It was also reported that the administrators in Petaluma Valley (Sonoma RCD) and Sonoma Valley (Valley of the Moon Water District) could no longer provide administrative services, due to the heavy workload.

Staff in all three basins recommended to their Boards that one full-time person be engaged to provide administrative services in all three basins to improve efficiencies and reduce costs. The Board gave authority to Chair Hopkins to pursue staffing options, including discussing the possibility of sharing one administrator with the other basins. It was noted at the April meeting that the Water Agency, which is one of three agencies engaged in all three basins, is interested in providing administrative services. The County and the Sonoma RCD (which also are engaged in all three basins) are not interested in providing administrative services.

Since the April meeting, staff of three member-agencies (the cities of Cotati, Rohnert Park and Santa Rosa) provided to their councils updates on GSA funding options and also raised concerns about the Water Agency serving as administrator. In general, these cities are concerned that it may be difficult for an administrator that represents one member-agency to equitably represent the broad array of interests on the Board. These member agencies would prefer an independent consultant be selected to serve as administrator.

To address the concerns of these agencies, the GSA could issue a Request for Proposals for GSA administration. It is likely that this process will take up to three months. GSA staff has concerns regarding the timing of issuing an RFP this summer, as heavy staff resources are currently being devoted to the funding options study and responses to DWR’s release of the basin reprioritization document. In addition to the RFP process (developing and issuing a proposal; coordination of a proposal review team/ad hoc; and negotiating a contract), a smooth transition will require significant time from the plan manager, financial study consultant and...
attorneys to get a new administrator up-to-speed.

An alternative to immediate transition could be an up-to-one-year contract with the Water Agency for administration, with a commitment to open an RFP process by January 15, 2019 (at the latest, regardless of the status of the funding options study). This would allow for a less rushed process and provide for greater flexibility in transitioning to a new administrator.

Possible Board options:

1. Authorize legal counsel to negotiate and draft a one-year contract for an amount not-to-exceed $100,000 (for Board approval at its August meeting) with the Water Agency for administrative, clerical and financial services using current rates and including a January 15, 2019 deadline for issuance of an RFP for administrative services; OR

2. Authorize the extension of the existing administrative contract with the Water Agency through October 31, 2018 and add a not-to-exceed amount of $30,000 to the contract; and
   a. Authorize the administrator to issue a Request for Proposals for Administrative Services in July.
   b. Authorize the Chair to appoint an ad hoc to review and score proposals and to make recommendations to the Board at its August or October meeting.
   c. Authorize the Administrator to extend Gold Ridge’s contract for clerical and financial services through October 31, 2018 and add a not-to-exceed amount of $25,000.

Fiscal Information

- The extension of the legal contract would cost the Agency $20,000 ($60,000 is budgeted for legal services in 2018-19).
- The extension of the administration contract would cost the Agency a total of $55,000 ($30,000 for the Water Agency and $25,000 for Gold Ridge). There is $120,000 budgeted for administrative expenses in 2018-19.
- The remaining contract extensions are for no costs. New contracts will be brought to the Board at future meetings and are budgeted for fiscal year 2018-19.

Staff Recommendation

Legal Contract: Authorize Administrator to execute a $20,000 extension of existing Service Agreement with Kronick, Moskovitz, Tiedemann and Girard, through October 31, 2018.

Technical, Outreach and Grant Services:

1. Authorize Administrator to execute a no-cost extension of existing Service Agreement with the Sonoma County Water Agency through October 31, 2018; and
2. Authorize Administrator and Legal Counsel to negotiate a new agreement through June 30, 2022 with the Sonoma County Water Agency.

Facilitation Services: Authorize Administrator to execute a no-cost extension of existing Service Agreement with the Center for Collaborative Policy through October 31, 2018.

Administrative Contract: Provide staff direction on future administrative services.

Vote Required

Three-fourths

List of Attachments

None

Contact

Ann DuBay, Interim Administrator, ann.dubay@scwa.ca.gov, (707) 524-8378
Santa Rosa Plain Groundwater Sustainability Agency

Action Item

TO: Board of Directors

FROM: Ann DuBay, Outreach Coordinator

SUBJECT: GSA Logo Adoption

Summary: The JPA for the Agency encourages the Board to adopt a “seal and letterhead”. GSA staff worked with a graphic designer and with staff from the Petaluma Valley and Sonoma Valley GSAs to create a simple GSA logo to serve as a seal and to be superimposed on letterhead.

Background

Section 9.06 – Official Seal and Letterhead.

“The Board may adopt, and/or amend, an official seal and letterhead for the Agency.”

In March and April, staff of all three Sonoma County GSAs discussed logo options and priorities. To distinguish the GSAs as individual entities and minimize costs of logo development, staff decided to pursue three similar logos for the GSAs, distinguished by colored accents, rather than the more expensive option of creating a unique logo for each agency.

Staff then worked with TIV Branding, a graphic design firm, to create a logo for the GSA. Staff met with TIV representatives to discuss general options for the logo concept. TIV provided three initial concepts, and staff eliminated two less desirable options and requested changes to the preferred option. The draft design was vetted by a staff outreach working committee, with representatives from the three basins. A final draft was presented to the three basin Advisory Committees at May meetings. The logos were modified to address minor comments from the Advisory Committees.

The logos are included for Board approval:

- A Santa Rosa Plain GSA logo, which is identical to those for the Petaluma Valley and Sonoma Valley GSAs, apart from a colored accent;
- A logo incorporating all three GSAs’ names and accent colors, which can be used when the three GSAs work together, such as on joint press releases; and
- A web-friendly, horizontal version of each logo.
Agenda Item: 7E  
Meeting Date: June 14, 2018

Logos

Type of Vote Required
Simple majority.

Fiscal Information
None.

Staff Recommendation
Approve logo as presented.

List of Attachments
Logo presentation.

Contact
Ann DuBay, GSA Outreach Coordinator, 707-524-8378, ann.dubay@scwa.ca.gov
Santa Rosa Plain GSA Logo

• Goal: Help GSAs to build identity and distinguish them as agencies
• After some discussion, staff decided to pursue matching logos for the GSAs to minimize costs
• Color accent distinguishes between basins
• GSA staff have worked with a graphic design artist on a design
• The logos were presented to Advisory Committee in May, and modifications were made
Santa Rosa Plain Groundwater Sustainability Agency

Information Item

TO: Board of Directors
FROM: Ann DuBay, Interim Administrator
SUBJECT: Administrator Report

Summary:
The purpose of this item is to provide updates on any major developments or milestones since the last Board Meeting, and any significant upcoming activities. All the items reported on are carried out in coordination with Member Agency staff and with other Sonoma County GSAs.

Background

Milestones since last meeting:

− Continued to work with Raftelis Financial Consultants, Inc., ad hoc committee, Plan Manager, other basin administrators on fee/rate study.
− Met with member agency staff twice to discuss and get input on June Board meeting agenda.
− Conducted sixth Advisory Committee meeting on June 11.
− Significant inter-basin coordination took place amongst the Interim Administrators, Plan Manager, and various Member Agency staff. In addition to work on the rate/fee study, several discussions have taken place regarding ongoing administration of the three GSAs, DWR’s draft Basin Reprioritization document and logo design.
− Met with Member Agency staff to discuss and get input on June Board Meeting agenda.
− Met with DWR regarding the reprioritization of the Basin from medium to high and on the reprioritization of the neighboring Wilson Grove Highlands.
− Worked with counsel to develop purchasing, investment and asset policies for Board consideration.

Upcoming activity highlights:

− Continue fee/rate study process
− Assist with discussions and outreach on Basin Reprioritization
− Ongoing Advisory Committee meetings
− Extension of staffing contracts
All the above items have been and will continue to be carried out in coordination with Member Agency staff and with other Sonoma County GSAs.

**Type of vote required**
None.

**Fiscal Information**
All the planned activities are included in the Agency’s FY 17/18 and FY 18/19 budget.

**Staff Recommendation**
None, no action required.

**List of Attachments**
None.

**Contact**
Ann DuBay, Interim Administrator, 707-524-8378, ann.dubay@acwa.ca.gov