Board Meeting
Sonoma Valley Groundwater Sustainability Agency

Date: June 25, 2018
Time: 4:00 pm
Location: Valley of the Moon Water District, Board Room
Address: 19039 Bay Street, Sonoma, CA 95476
http://www.sonomacountygroundwater.org/sv

<table>
<thead>
<tr>
<th>Directors</th>
<th>Alternates</th>
</tr>
</thead>
<tbody>
<tr>
<td>David Cook</td>
<td>City of Sonoma</td>
</tr>
<tr>
<td>Susan Gorin</td>
<td>County of Sonoma</td>
</tr>
<tr>
<td>Mike Sangiacomo</td>
<td>North Bay Water District</td>
</tr>
<tr>
<td>David Rabbitt</td>
<td>Sonoma County Water Agency</td>
</tr>
<tr>
<td>Vickie Mulas</td>
<td>Sonoma Resource Conservation District</td>
</tr>
<tr>
<td>Mark Heneveld</td>
<td>Valley of the Moon Water District</td>
</tr>
<tr>
<td>City of Sonoma</td>
<td>James Gore</td>
</tr>
<tr>
<td>County of Sonoma</td>
<td>Carolyn Wasem</td>
</tr>
<tr>
<td>North Bay Water District</td>
<td>Sonoma County Water Agency</td>
</tr>
<tr>
<td>Sonoma County Water Agency</td>
<td>James Gore</td>
</tr>
<tr>
<td>Sonoma Resource Conservation</td>
<td>Bruce Abelli-Amen</td>
</tr>
<tr>
<td>District</td>
<td>Sonoma Resource Conservation</td>
</tr>
<tr>
<td>District</td>
<td>Valley of the Moon Water District</td>
</tr>
</tbody>
</table>

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 March 26, 2018 Minutes.
   B. Approve Sonoma Valley Financial Summary Report.
   C. Regular Board Meeting Dates FY18/19.

4. Directors/Subcommittee Report

5. Advisory Committee Report

6. Informational Item - None

7. Action Items
   A. Rate/Fee Study Update.
      Recommended Action: Provide feedback to staff on questions related to potential fees.
B. 2018 California Department of Water Resources’ Basin Prioritization.
Recommended Action: Authorize the Plan Manager to submit a letter to DWR commenting on any data issues in the draft Basin Re prioritization document.

C. Purchasing, Fixed Asset and Investment Policies.
Recommended Actions: 1.) Approve Resolution No. SV-18-003 adopting the Purchasing Policy; and 2.) Approve Resolution No. SV-18-004 adopting the Fixed Asset Management Policy; and 3.) Approve Resolution No. SV-18-005 approving the County of Sonoma’s Pooled Investment Fund and accepting the County of Sonoma’s Investment Policy.

D. Agency Staffing and Consulting Services for FY 18/19.
Recommended Actions: 1.) Authorize the Chair to execute a contract with Sonoma County Water Agency for Administrative Services for FY 18/19 in an amount not to exceed $85,000; and 2.) Authorize the Chair to execute a contract extension with Valley of the Moon Water District for transitional Administration to expire October 31, 2018; and 3.) Authorize the Chair to execute a contract extension for Legal Services to expire October 31, 2018 and add $20,000 to the total contract amount; and 4.) Authorize the Administrator to execute only a contract extension for Technical, Outreach and Grant Services with Sonoma County Water Agency to expire October 31, 2018; and 5.) Authorize the Administrator and Legal Counsel to negotiate a new agreement for Technical, Outreach and Grant Services with Sonoma County Water Agency for Board review and approval; and 6.) Authorize the Administrator to execute a new facilitation services contract with Parker Groundwater set to expire October 31, 2018 for an amount not to exceed $7,000.

E. Agency Logo.
Recommended action: Approve logo as presented.

8. Administrator & Plan Manager Report

9. Adjournment

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 Daniel Muelrath at 707-996-1037, as soon as possible to ensure arrangements for accommodation.

Public Transit Access to the meeting location: For transit information call (707) 576-RIDE or 1-800-345-RIDE or visit or http://www.sctransit.com/

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 will be available at least 72 hours prior to this Board Meeting 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 at the website listed above.

For more information, please contact Ann DuBay Ann.DuBay@SCWA.ca.gov
Agenda

1. Call to Order and Roll Call
   Chair Gorin called the meeting to order. Daniel Muelrath, Administrator, noted the following Directors Present:
   
   X Director Cook
   X Director Gorin
   X Director Sangiacomo
   X Director Rabbitt
   X Alternate Director Abelli-Amen
   X Director Heneveld

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

3. Consent Calendar
   A. Approve January 22, 2018 Minutes
      A motion was made by Director Rabbitt to approve the Consent Calendar, the motion was seconded by Director Cook.
A roll call vote was taken:
X Director Cook
X Director Gorin
X Director Sangiacomo
X Director Rabbitt
X Alternate Director Abelli-Amen
X Director Heneveld

Yeas 6 Noes 0 Absent 0 Abstain 0

B. Approve Sonoma Valley Financial Summary Report
A motion was made by Director Cook to approve the Consent Calendar, the motion was seconded by Director Heneveld.

A roll call vote was taken:
X Director Cook
X Director Gorin
X Director Sangiacomo
X Director Rabbitt
X Alternate Director Abelli-Amen
X Director Heneveld

Yeas 6 Noes 0 Absent 0 Abstain 0

C. Conflict of Interest Code in County Approved Format
A motion was made by Director Rabbitt to approve the Consent Calendar, the motion was seconded by Director Sangiacomo.

A roll call vote was taken:
X Director Cook
X Director Gorin
X Director Sangiacomo
X Director Rabbitt
X Alternate Director Abelli-Amen
X Director Heneveld

Yeas 6 Noes 0 Absent 0 Abstain 0

4. Directors/Subcommittee Report
None
5. Advisory Committee Report
Fred Allebach, AC Chair presented the memo and was available for questions.

6. Informational Item
   A. Groundwater Sustainability Plan Initiation and Future Process
   Marcus Trotta, SCWA presented information regarding plan development and the path forward.

   Public:
   Norman Gilroy expressed his thoughts regarding how Sonoma Valley can move faster than the timeline provided for in SGMA.

7. Action Items
   A. Budget for FY18/19 with Member Agency Contributions.
   Administrator Muelrath presented the proposed FY 18/19 budget.

   Public:
   Fred Allebach – stated that $50,000 might not be enough for groundwater monitoring activities. Norman Gilroy – requested a budget document be created that correlates future expenditures with GSP required deliverables.

   A motion was made by Director Rabbitt to approve the FY 18/19 budget as proposed including member agency contributions; the motion was seconded by Director Heneveld.

   A roll call vote was taken:
   X Director Cook
   X Director Gorin
   X Director Sangiacomo
   X Director Rabbitt
   X Alternate Director Abelli-Amen
   X Director Heneveld

   Yeas 6 Noes 0 Absent 0 Abstain 0

   B. Basin Boundary Modifications.
   Marcus Trotta, SCWA presented information on the basin boundary modification process and timeline. Including areas that are in conflict with the current DWR Bulletin 118 basin boundaries.

   Public:
   Fred Allebach and Norman Gilroy expressed dissatisfaction with the Plan Manager’s recommendation, as the Advisory Committee was looking for a firm commitment to “plan to request” the two basin modifications outlined in the staff report.
Alternate Director Abelli-Amen, asked, how water levels are being tracked in the Kenwood and Tolay areas?
A: We are allowed to track water use in areas that may contribute to the Sonoma Valley being sustainable so there will be future efforts to monitor water flows in these areas.

Director Sangiacomo, asked, who approves basin boundary requests at the state level and what is the timeframe from start to finish?
A: Staff did not immediately know if the item had to go through the California Water Commission, but expected a process would take 6 months or more.

Director Rabbitt, asked, does DWR update the basin boundaries on their own?
A: No.

Director Cook, asked, would the JPA need to be amended if Kenwood basin was included?
A: Yes, likely.

Chair Gorin, stated that at this point in time she does not favor adding additional workload to staff that takes away from the GSP development. In time we will have more data that will allow us to make a more informed decision in these areas.

A motion was made by Director Cook to forgo this round of basin boundary modification requests, the motion was seconded by Director Rabbitt.

A roll call vote was taken:
- Director Cook
- Director Gorin
- Director Sangiacomo
- Director Rabbitt
- Alternate Director Abelli-Amen
- Director Heneveld

Yeas 6 Noes 0 Absent 0 Abstain 0

C. Update Fee/Rate Analysis for Short-Term Agency Operations.
Recommended Action: Provide feedback on rate alternative options and form an Ad Hoc committee to work on the fee/rate issues between Board meetings.

Administrator Muelrath, presented an overview of where the rate study is to date, a recap of the public workshop, and the recent development that placing a flat fee on each parcel may not meet the requirements of a fee under Prop 26.
Director Sangiacomo, requested additional information on the difference between fees and taxes.

Director Rabbitt, cautioned about being too quick to repay member agencies contributions due to impacts to potential rates.

Director Sangiacomo and Chair Gorin were assigned to the Rates Ad Hoc workgroup.

D. Polling Services Related to Fee/Rate Options.
Recommended action: Authorized the Administrator to execute a service agreement not to exceed $35,000 for polling services on rate/fee options.

At the request of staff, this item was pulled from the Agenda.

Ann DuBay, SCWA presented information regarding the upcoming water bonds.

A motion was made by Director Rabbitt to adopt Resolution No. SV-18-002 in support of the 2018 Water Bonds, the motion was seconded by Director Heneveld.

A roll call vote was taken:

- Director Cook (not present)
- X Director Gorin
- X Director Sangiacomo
- X Director Rabbitt
- X Alternate Director Abelli-Amen
- X Director Heneveld

Yeas 5  Noes 0  Absent 1  Abstain 0

F. Administrator Transition for FY 18/19.
Recommended action: Form an Ad Hoc committee that is authorized to work with staff and other GSA Boards to perform future Administrator hiring.

Alternate Director Abelli-Amen and Chair Gorin were assigned to the Ad Hoc workgroup for future Administrator hiring.
8. Administrator & Plan Manager Report

No meeting in May, next regular meeting will be June 25, 2018.

9. Adjournment

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 Daniel Muelrath at 707-996-1037, as soon as possible to ensure arrangements for accommodation.

Public Transit Access to the meeting location: For transit information call (707) 576-RIDE or 1-800-345-RIDE or visit or http://www.sctransit.com/

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 will be available at least 72 hours prior to this Board Meeting at the offices of the local agencies listed above and on the website at: http://www.sonomacountygroundwater.org.

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

For more information, please contact Ann DuBay Ann.DuBay@SCWA.co.gov
### Sonoma Valley GSA Financial Summary Report

#### As of May 30, 2018

<table>
<thead>
<tr>
<th>Date</th>
<th>Deposit</th>
<th>Debit</th>
<th>Bank Balance</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 8, 2017</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>Agency Formation</td>
</tr>
<tr>
<td>July 25, 2017</td>
<td>$ 6,600.00</td>
<td>$ -</td>
<td>$ 6,600.00</td>
<td>NBWD 1/3 of annual fee</td>
</tr>
<tr>
<td>July 28, 2017</td>
<td>$ 473.00</td>
<td>$ -</td>
<td>$ 6,127.00</td>
<td>ACWA JPIA: July 1 - Oct 1 2017 Insurance</td>
</tr>
<tr>
<td>July 28, 2018</td>
<td>$ 187.50</td>
<td>$ -</td>
<td>$ 5,939.50</td>
<td>ACWA Membership Calendar Yr 2017 Dues (prorated)</td>
</tr>
<tr>
<td>July 31, 2017</td>
<td>$ 6,600.00</td>
<td>$ -</td>
<td>$ 12,539.50</td>
<td>Sonoma RCD 1/3 of annual fee</td>
</tr>
<tr>
<td>August 16, 2017</td>
<td>$ 32,590.00</td>
<td>$ -</td>
<td>$ 45,129.50</td>
<td>City of Sonoma 1/3 of annual fee</td>
</tr>
<tr>
<td>September 20, 2017</td>
<td>$ 39,078.00</td>
<td>$ -</td>
<td>$ 84,207.50</td>
<td>County of Sonoma 1/3 of annual fee</td>
</tr>
<tr>
<td>September 28, 2017</td>
<td>$ 1,875.00</td>
<td>$ -</td>
<td>$ 82,332.50</td>
<td>ACWA JPIA: Oct 1 2017 - Sept 30 2018 Insurance</td>
</tr>
<tr>
<td>October 1, 2017</td>
<td>$ 88.30</td>
<td>$ -</td>
<td>$ 82,420.80</td>
<td>Interest</td>
</tr>
<tr>
<td>October 25, 2017</td>
<td>$ -</td>
<td>$ 562.50</td>
<td>$ 81,858.30</td>
<td>ACWA 2018 Membership Dues</td>
</tr>
<tr>
<td>December 19, 2017</td>
<td>$ 6,600.00</td>
<td>$ -</td>
<td>$ 88,458.30</td>
<td>NBWD 2nd 1/3 of annual fee</td>
</tr>
<tr>
<td>December 19, 2017</td>
<td>$ 6,600.00</td>
<td>$ -</td>
<td>$ 95,058.30</td>
<td>Sonoma RCD 2nd 1/3 of annual fee</td>
</tr>
<tr>
<td>December 22, 2017</td>
<td>$ 3,609.93</td>
<td>$ -</td>
<td>$ 91,448.37</td>
<td>Raftelis Nov 1 - 30, 2017 Invoice (Rate Consultant)</td>
</tr>
<tr>
<td>December 22, 2018</td>
<td>$ 3,328.00</td>
<td>$ -</td>
<td>$ 88,120.37</td>
<td>Kronick Oct 1-31, 2017 Invoice (Legal Services)</td>
</tr>
<tr>
<td>January 1, 2018</td>
<td>$ 264.55</td>
<td>$ -</td>
<td>$ 88,384.92</td>
<td>Interest</td>
</tr>
<tr>
<td>January 23, 2018</td>
<td>$ 3,955.66</td>
<td>$ -</td>
<td>$ 84,429.26</td>
<td>Raftelis Dec 1 - 31, 2017 Invoice (Rate Consultant)</td>
</tr>
<tr>
<td>February 12, 2018</td>
<td>$ 8,015.18</td>
<td>$ -</td>
<td>$ 76,414.08</td>
<td>Kronick Nov 1 - Dec 31, 2017 Invoice (Legal Services)</td>
</tr>
<tr>
<td>March 2, 2018</td>
<td>$ 39,078.00</td>
<td>$ -</td>
<td>$ 115,492.08</td>
<td>County of Sonoma 2nd 1/3 of annual fee</td>
</tr>
<tr>
<td>March 2, 2018</td>
<td>$ 32,590.00</td>
<td>$ -</td>
<td>$ 148,082.08</td>
<td>City of Sonoma 2nd 1/3 of annual fee</td>
</tr>
<tr>
<td>March 29, 2018</td>
<td>$ 5,979.00</td>
<td>$ -</td>
<td>$ 142,103.08</td>
<td>Kronick Jan 2018 Invoice (Legal Services)</td>
</tr>
<tr>
<td>March 29, 2018</td>
<td>$ 3,392.50</td>
<td>$ -</td>
<td>$ 138,710.58</td>
<td>Raftelis Jan 2018 Invoice (Rate Consultant)</td>
</tr>
<tr>
<td>May 15, 2018</td>
<td>$ 6,941.00</td>
<td>$ -</td>
<td>$ 131,769.58</td>
<td>Raftelis Feb 2018 Invoice (Legal Services)</td>
</tr>
<tr>
<td>May 15, 2018</td>
<td>$ 7,661.84</td>
<td>$ -</td>
<td>$ 124,107.74</td>
<td>Raftelis Feb 2018 Invoice (Rate Consultant)</td>
</tr>
<tr>
<td>May 15, 2018</td>
<td>$ 12,488.90</td>
<td>$ -</td>
<td>$ 111,618.84</td>
<td>Kronick Mar 2018 Invoice (Legal Services)</td>
</tr>
<tr>
<td>May 15, 2018</td>
<td>$ 15,406.35</td>
<td>$ -</td>
<td>$ 96,212.49</td>
<td>Raftelis Mar 2018 Invoice (Rate Consultant)</td>
</tr>
<tr>
<td>May 16, 2018</td>
<td>$ 6,700.00</td>
<td>$ -</td>
<td>$ 102,912.49</td>
<td>NBWD 3rd 1/3 of annual fee</td>
</tr>
<tr>
<td>May 18, 2018</td>
<td>$ 100.00</td>
<td>$ -</td>
<td>$ 103,012.49</td>
<td>NBWD 3rd 1/3 of annual fee</td>
</tr>
<tr>
<td>May 16, 2018</td>
<td>$ 32,587.00</td>
<td>$ -</td>
<td>$ 135,599.49</td>
<td>City of Sonoma 3rd 1/3 of annual fee</td>
</tr>
<tr>
<td>May 30, 2018</td>
<td>$ 39,077.00</td>
<td>$ -</td>
<td>$ 174,676.49</td>
<td>County of Sonoma 3rd 1/3 of annual fee</td>
</tr>
<tr>
<td>May 30, 2019</td>
<td>$ 6,090.00</td>
<td>$ -</td>
<td>$ 168,586.49</td>
<td>Kronick Apr 2018 Invoice (Legal Services)</td>
</tr>
<tr>
<td>May 30, 2020</td>
<td>$ 12,470.00</td>
<td>$ -</td>
<td>$ 156,116.49</td>
<td>Raftelis Apr 2018 Invoice (Rate Consultant)</td>
</tr>
</tbody>
</table>

### Member Agency Contribution Tracker

<table>
<thead>
<tr>
<th>Agency</th>
<th>Total</th>
<th>Invoices sent</th>
<th>Cash / Inkind Received</th>
<th>Amount Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Bay Water District</td>
<td>$ 20,000.00</td>
<td>$ 20,000.00</td>
<td>$ 20,000.00</td>
<td>$ -</td>
</tr>
<tr>
<td>City of Sonoma</td>
<td>$ 97,767.00</td>
<td>$ 97,767.00</td>
<td>$ 97,767.00</td>
<td>$ -</td>
</tr>
<tr>
<td>SCWA</td>
<td>$ 117,233.00</td>
<td>$ 117,233.00</td>
<td>$ 77,402.69</td>
<td>$ 39,830.31</td>
</tr>
<tr>
<td>Sonoma County</td>
<td>$ 117,233.00</td>
<td>$ 117,233.00</td>
<td>$ 117,233.00</td>
<td>$ -</td>
</tr>
<tr>
<td>Sonoma RCD</td>
<td>$ 20,000.00</td>
<td>$ 20,000.00</td>
<td>$ 13,200.00</td>
<td>$ 6,800.00</td>
</tr>
<tr>
<td>VOMWD</td>
<td>$ 97,767.00</td>
<td>$ 97,767.00</td>
<td>$ 52,290.00</td>
<td>$ 45,477.00</td>
</tr>
<tr>
<td>Total</td>
<td>$ 470,000.00</td>
<td>$ 470,000.00</td>
<td>$ 377,892.69</td>
<td>$ 92,107.31</td>
</tr>
</tbody>
</table>
Sonoma Valley Groundwater Sustainability Agency

TO: Board of Directors  
FROM: Ann DuBay, Sonoma County Water Agency  
SUBJECT: Regular Board Meeting Dates FY18/19

Summary:
The Sonoma Valley Groundwater Sustainability Agency will have regular Board Meeting times and locations. Regular meeting time proposed is the fourth Monday of every other month. The location of the meetings for the first year will be at the Valley of the Moon Water District Board Room, unless noted otherwise.

Background
Keeping with the current schedule of the 4th Monday of alternating months the following is the proposed schedule for FY 18/19. Note – due to holidays a few meeting dates no longer land on the 4th Monday.

FY 18/19 Meeting Dates
- August 27, 2018
- November 26, 2018
- January 28, 2019
- March 25, 2019
- May 20, 2019
- July 22, 2019

Fiscal Information
$100 room rental rate is included in the adopted FY 18/19 budget.
Staff Recommendation

Staff recommends that the Board of Directors:

1. Approve the regular meeting date and location.

List of Attachments

1. None

Contact

Ann Dubay, Sonoma County Water Agency, Ann.DuBay@scwa.ca.gov, 707.524.8378
Sonoma Valley Groundwater Sustainability Agency

TO:          Board of Directors
FROM:  Fred Allebach, Chair – Advisory Committee
SUBJECT: Advisory Committee Report

Summary: Update on recent activities and decisions made by the Advisory Committee (AC).

Background

Summary of GSA Advisory Committee activities (three AC meetings from 4/18 – 6/18)

- The AC has continued to be updated by staff on GSA technical work, grants, and on state legislative and policy updates.
- The AC has become more familiar and comfortable as a working group.
- With a large committee, meetings take a long time. AC members expressed frustration at lack of discussion time and not being able to adequately address the whole agenda. Staff and chair discussed AC feedback and worked on ways to tighten up meetings and focus on important issues. Staff has been very responsive, with good lines of committee communication.
- It was agreeably decided by AC Chair Allebach, GSA administrator Dan Muelrath, and facilitator Tim Parker, that meetings would swing back to be run by the facilitator. Why? DWR is paying for facilitating services, and for Tim Parker’s extensive local knowledge and groundwater expertise, and other county GSA AC meetings are run by the facilitator.

Items reviewed

- Orientation to GSP work plan, groundwater science and hydrogeologic conceptual model.
- Staff provided the 2014 SVGMP 5-year report/review for background info.
- Evolving iterations of fee and rate study.
- Aqua Shares water market presentation.
- Basin reprioritization.
- Update to future AC meeting schedule.
Agenda Item: 5
Meeting Date: June 25, 2018

Actions and decisions

- Provided feedback and advice to staff on fee and rate study.
- Created ad hoc workgroup to address Aqua Shares’ desire to participate in GSA.
- Amended AC Charter to clarify scope of ad hoc workgroup.
- Changed scope of initial ad hoc workgroup to being a water market ad hoc workgroup.
- Moved legislative and policy updates to end of meeting.
- Provided feedback on SVGSA logo.
- Considered possibility of half day workshop.
- Included all agenda materials in packet prior to AC meeting.

Advisory Committee meeting packets

To view AC meeting agendas and packets, please visit: http://sonomacountygroundwater.org/sv-advisory-committee/

Staff Recommendation

Receive.

List of Attachments

None.

Contact

Daniel Muelrath, Administrator, 707-996-1037 dmuelrath@vomwd.com
TO:   Board of Directors  
FROM:  Ann DuBay, SCWA  
SUBJECT:  Rate/Fee Study Update  

Summary: Update on the Fee/Rate Study and other activities regarding options for future GSA funding and provide feedback to Board on specific questions.

Background

At the March meeting, the Board of Directors appointed an ad hoc committee comprised of Chair Gorin and Director Sangiacomo. At the Board’s March meeting, Raftelis and staff provided a progress update and 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 a number of 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).

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 Santa Rosa 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 administrators, plan manager and legal counsel on further refinement of data on both the Categorical Benefit Fee and the Proportional Benefit Fee.

**Timing and Legal Options**

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) will be engaged as a subcontractor through the Agency’s existing agreement with its legal counsel, Kronick, in order to provide such a second opinion.

The original timeline for the funding options study anticipated the Board making a final decision at its June meeting. This decision would allow staff to get the data to the County Assessor by August 1, in order 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.

Assuming that 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.

**Questions for Board Feedback**

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

1. Parcel charge
   
   a. *Is there interest in pursuing a flat parcel charge? Or, should the Board remove it from potential options?*

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):
   i. Should the Board direct staff to take steps toward an ordinance to regulate rural residential (de minimis) users?

b. Some agencies are not currently using groundwater.
   i. 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 this an option that the Board is interested in pursuing?
   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:
   a. Should the Board pursue ongoing member agency contributions?

Type of Vote Required

Simple majority for feedback, however in the future if a specific funding source is going to be implemented, a super-majority vote will be required.

Staff Recommendation

Provide feedback to staff on questions related to potential fees.

List of Attachments

None

Contact

Ann DuBay, SCWA, 707-524-8378, ann.dubay@scwa.ca.gov
Sonoma Valley Groundwater Sustainability Agency

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 (DWR) Draft 2018 SGMA Basin Prioritization results. The Board may take action to authorize the Plan Manager to submit comment letters to DWR.

Background

The California Department of Water Resources (DWR) has released the Draft 2018 SGMA Basin Prioritization of groundwater basins and subbasins 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 Subbasin, Healdsburg Area Subbasin, 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 subbasins 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 streamflows.

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 for the Sonoma Valley include population projections, density of public water supply wells, groundwater reliance, habitat/streamflow impacts, and documented groundwater-level, salt water intrusion and 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 Sonoma Valley, 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 currently subject to identical requirements and timelines under SGMA.

**Staff Recommendation**
Authorize the Plan Manager to submit a letter to DWR commenting on any data issues in the draft Basin Reprioritization document.

**Fiscal Information**
Minor staff costs; no impact anticipated to current and FY 2018-19 budget.

**Vote Required**
Majority

**List of Attachments**
Summary Table of reprioritization

**Contact**
Jay Jasperse, Plan Manager, 707-547-1959, Jay.Jasperse@scwa.ca.gov
Marcus Trotta, Sonoma County Water Agency, 707-547-1978, Marcus.trotta@scwa.ca.gov
# Summary of 2014 & 2018 SGMA Prioritization - Sonoma County Priority Basins

<table>
<thead>
<tr>
<th>Basin Name</th>
<th>Petaluma Valley</th>
<th>Santa Rosa Plain</th>
<th>Sonoma Valley</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basin Area (sq mi)</td>
<td>71.99</td>
<td>-</td>
<td>125.19</td>
</tr>
<tr>
<td>Basin Area (acres)</td>
<td>46,078</td>
<td>46,043</td>
<td>80,124</td>
</tr>
<tr>
<td>Population</td>
<td>49,858</td>
<td>49,915</td>
<td>250,016</td>
</tr>
<tr>
<td>Population/sq mi</td>
<td>692.49</td>
<td>-</td>
<td>1,997.03</td>
</tr>
<tr>
<td>Population projection</td>
<td>58,909</td>
<td>(123%)</td>
<td>292,415</td>
</tr>
<tr>
<td>No. Public Supply Wells</td>
<td>31</td>
<td>27</td>
<td>158</td>
</tr>
<tr>
<td>Public Supply Wells/sq mi</td>
<td>0.43</td>
<td>-</td>
<td>1.26</td>
</tr>
<tr>
<td>Total Groundwater Wells</td>
<td>1,131</td>
<td>1,870</td>
<td>6,943</td>
</tr>
<tr>
<td>Production Wells/sq mi</td>
<td>15.7</td>
<td>-</td>
<td>55.45</td>
</tr>
<tr>
<td>Irrigated Acres</td>
<td>7,962</td>
<td>9,270</td>
<td>12,581</td>
</tr>
<tr>
<td>Irrigated Acres/sq mi</td>
<td>110.58</td>
<td>-</td>
<td>100.49</td>
</tr>
<tr>
<td>SW Use AF</td>
<td>8,044</td>
<td>-</td>
<td>26,469</td>
</tr>
<tr>
<td>Urban GW AF</td>
<td>721</td>
<td>-</td>
<td>11,596</td>
</tr>
<tr>
<td>Ag GW AF</td>
<td>9,748</td>
<td>-</td>
<td>14,907</td>
</tr>
<tr>
<td>Total Water Use</td>
<td>18,515</td>
<td>-</td>
<td>52,973</td>
</tr>
<tr>
<td>Total GW Use</td>
<td>10,470</td>
<td>2,689</td>
<td>26,503</td>
</tr>
<tr>
<td>GW Use – AF/Basin Acre</td>
<td>0.22</td>
<td>-</td>
<td>0.33</td>
</tr>
<tr>
<td>GW Percent Supply</td>
<td>56.55</td>
<td>26</td>
<td>50.03</td>
</tr>
<tr>
<td>GW Percent Supply Points</td>
<td>3</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Groundwater Reliance Total*</td>
<td>NA</td>
<td>1.5</td>
<td>NA</td>
</tr>
<tr>
<td>Impacts – Groundwater Level Declines</td>
<td>7.5</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Impacts – Extraction Caused Subsidence</td>
<td>0</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Impacts – Saltwater Intrusion</td>
<td>5</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Impacts – Water Quality</td>
<td>1</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Streamflow Points</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Habitat Points</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Adverse Adjustment Points</td>
<td>0</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>C7 Impacts Priority Points</td>
<td>3</td>
<td>2**</td>
<td>1</td>
</tr>
<tr>
<td>C8a Habitat Streamflow Priority Points</td>
<td>2</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>C8b Basin Other Info Priority Points</td>
<td>0</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Total Points</td>
<td>22.5</td>
<td>18.3</td>
<td>23</td>
</tr>
<tr>
<td>SGMA Priority</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
</tr>
</tbody>
</table>
Sonoma Valley Groundwater Sustainability Agency

TO:          Board of Directors
FROM:       Daniel Muelrath, Administrator
SUBJECT:     Purchasing, Fixed Assets and Investment 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;
- 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
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
1.) Approve Resolution No. SV-18-003 adopting the Purchasing Policy; and
2.) Approve Resolution No. SV-18-004 adopting the Fixed Asset Management Policy; and
3.) Approve Resolution No. SV-18-005 approving the County of Sonoma’s Pooled Investment Fund and accepting the County of Sonoma’s Investment Policy.

Fiscal Information
No impact.

Vote Required
Majority

List of Attachments
None

Contact
Daniel Muelrath, Administrator, 707-996-1037, dmuelrath@vomwd.com
SONOMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY
PURCHASING POLICY

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 Sonoma Valley Groundwater Sustainability Agency, a joint powers authority formed by the City of Sonoma, County of Sonoma, North Bay Water District, Sonoma County Water Agency, Sonoma Resource Conservation District, and Valley of the Moon Water District.

C. “Board” shall mean the Board of Directors of the Sonoma Valley Groundwater Sustainability Agency.

D. “JPA Agreement” shall mean the Sonoma Valley Groundwater Sustainability Agency Joint Exercise of Powers Agreement.

E. "Member Agencies" shall mean the members of the Agency, including the City of Sonoma, County of Sonoma, North Bay Water District, Sonoma County Water Agency, Sonoma Resource Conservation District, and Valley of the Moon Water District.

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 the 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. SV-18-003

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY ADOPTING THE PURCHASING POLICY OF THE AGENCY

WHEREAS, the Sonoma Valley Groundwater Sustainability Agency ("Agency") is a joint powers authority formed pursuant to a Joint Exercise of Powers Agreement entered into by the City of Sonoma, County of Sonoma, North Bay Water District, Sonoma County Water Agency, Sonoma Resource Conservation District, and Valley of the Moon Water District, each of which is a local agency as defined by "Sustainable Groundwater Management Act" at California Water Code Section 10720 et seq. ("SGMA"), within the Sonoma Valley Subbasin ("Subbasin") which is designated Subbasin number 2-2.02 in Department of Water Resources Bulletin No. 118 and which is designated as a medium priority subbasin; 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]"; and

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 Sonoma Valley 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 Sonoma Valley Groundwater Sustainability Agency held on June 25, 2018 by the following vote on roll call:
DIRECTORS:


Ayes: _____  Noes: _____  Absent: _____  Abstain: _____

By:  __________________________________________
    Susan Gorin, Chairperson
    Sonoma Valley Groundwater Sustainability Agency

Attested by:  __________________________________________  Date: __________
    Daniel Muelrath, Administrator
    Sonoma Valley Groundwater Sustainability Agency
SONOMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY
FIXED ASSET MANAGEMENT POLICY

I. PURPOSE
The purpose of this policy is to ensure adequate control and appropriate use of Sonoma Valley Groundwater Sustainability Agency ("Agency") fixed assets. The procedures are intended to define fixed assets and to establish guidelines for budgeting, financial reporting, logging, inventory, 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 Class</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>
<tr>
<td>Heavy Mobile Equipment</td>
<td>15 years</td>
</tr>
<tr>
<td>Communication Equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Furniture &amp; Fixtures</td>
<td>5 years</td>
</tr>
<tr>
<td>Office Machines</td>
<td>5 years</td>
</tr>
<tr>
<td>Visual Aid</td>
<td>5 years</td>
</tr>
<tr>
<td>Computers</td>
<td>5 years</td>
</tr>
<tr>
<td>Other Assets</td>
<td>5 years</td>
</tr>
<tr>
<td>Computer Software</td>
<td>5 years</td>
</tr>
<tr>
<td>Books</td>
<td>10 years</td>
</tr>
<tr>
<td>Vehicles</td>
<td>5 years</td>
</tr>
<tr>
<td>Trucks</td>
<td>5 years</td>
</tr>
</tbody>
</table>
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. SV-18-004

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY APPROVING FIXED ASSET MANAGEMENT POLICY

WHEREAS, the Board of Directors ("Board") of the Sonoma Valley Groundwater Sustainability Agency ("Agency") desire to adopt a fixed asset management policy; and

WHEREAS, the policy is intended to be compliance with current GAAP and GASB accounting standards; and

WHEREAS, the policy provides details on accounting and financial procedures for fixed assets; and

WHEREAS, the policy provides safeguards of fixed assets against loss and theft.

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the Sonoma Valley Groundwater Sustainability Agency that the Board hereby adopts the Fixed Asset Management Policy; and

The foregoing resolution was duly passed at a regular meeting of the Board of Directors of the Sonoma Valley Groundwater Sustainability Agency held on June 25, 2018 by the following vote on roll call:

DIRECTORS:


Ayes: _____ Noes: _____ Absent: _____ Abstain: _____

By: __________________________________________  Susan Gorin, Chairperson
    Sonoma Valley Groundwater Sustainability Agency

Attested by: __________________________  Date: ____________
    Daniel Muelrath, Administrator
    Sonoma Valley Groundwater Sustainability Agency
COUNTY OF SONOMA

STATEMENT OF INVESTMENT POLICY

Effective 01-10-17
## TABLE OF CONTENTS

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

Revised 01/2017
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 53655, 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

Revised 01/2017
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 ($§53601 (b &amp; f))</td>
<td>5 years</td>
<td>100</td>
<td>N/A</td>
</tr>
<tr>
<td>Obligations Issued or Unconditionally Guaranteed by the International Bank for</td>
<td>5 years</td>
<td>30</td>
<td>AA</td>
</tr>
<tr>
<td>Reconstruction and Development, International Finance Corporation or Inter-American Development Bank ($§53601 (q))</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds and Notes Issued by Local Agencies ($§53601 (a &amp; c))</td>
<td>5 years</td>
<td>100</td>
<td>N/A</td>
</tr>
<tr>
<td>Registered State Warrants and Municipal Notes and Bonds ($§53601 (c &amp; d))</td>
<td>5 years</td>
<td>100</td>
<td>N/A</td>
</tr>
<tr>
<td>Bankers’ Acceptances (See Section 10) ($§53601 (g))</td>
<td>180 days</td>
<td>40</td>
<td>N/A</td>
</tr>
<tr>
<td>Commercial Paper (See Section 11) ($§53601 (h) and §53635 (a))</td>
<td>270 days</td>
<td>40</td>
<td>A-1/F-1/P-1</td>
</tr>
<tr>
<td>Negotiable Certificates of Deposit ($§53601 (i))</td>
<td>5 years</td>
<td>30</td>
<td>N/A</td>
</tr>
<tr>
<td>Repurchase Agreements (See Section 12) ($§53601 (j))</td>
<td>1 year</td>
<td>100</td>
<td>N/A</td>
</tr>
<tr>
<td>Reverse Repurchase Agreements and Securitization Lending Agreements (See Section 12) ($§53601 (j))</td>
<td>92 days</td>
<td>20</td>
<td>N/A</td>
</tr>
<tr>
<td>Medium Term Corporate Notes ($§53601 (k))</td>
<td>5 years</td>
<td>30</td>
<td>A</td>
</tr>
<tr>
<td>Mutual Funds &amp; Money Market Mutual Funds (See Section 13) ($§53601 (l))</td>
<td>N/A</td>
<td>20</td>
<td>Aaa &amp; AAAm</td>
</tr>
<tr>
<td>Collateralized Mortgage Obligations ($§53601 (n))</td>
<td>5 years</td>
<td>20</td>
<td>AA</td>
</tr>
<tr>
<td>Joint Powers Agreement (See Section 14) ($§53601 (p))</td>
<td>N/A</td>
<td>20</td>
<td>N/A</td>
</tr>
<tr>
<td>Local Agency Investment Fund (LAIF) ($§6429.3)</td>
<td>N/A</td>
<td>As limited by LAIF</td>
<td>N/A</td>
</tr>
<tr>
<td>Investment Trust of California (CalTRUST) ($§6509.7)</td>
<td>N/A</td>
<td>As limited by CalTRUST</td>
<td>N/A</td>
</tr>
<tr>
<td>Collateralized Time Deposits ($§53649et seq)</td>
<td>5 years</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</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 (i) 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.
CUISIP NUMBERS
CUISIP 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 (LAF)
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.
Resolution No. SV-18-005

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA VALLEY 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 Sonoma Valley 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 Sonoma Valley 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 Sonoma Valley Groundwater Sustainability Agency held on June 25, 2018 by the following vote on roll call:

DIRECTORS:

Ayes: _____ Noes: _____ Absent: _____ Abstain: _____

By: __________________________________________
    Susan Gorin, Chairperson
    Sonoma Valley Groundwater Sustainability Agency

Attested by: ________________________________    Date: ______________
    Daniel Muelrath, Administrator
    Sonoma Valley Groundwater Sustainability Agency
TO:       Board of Directors  
FROM:    Daniel Muelrath, Administrator  
SUBJECT:  Agency Staffing and Consulting Services for FY 18/19  

Summary: Agreements for GSA staffing including: administration, legal, facilitation, technical, outreach, and grant services expire on June 30, 2018.

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.

Administration

At the Board’s March meeting an ad hoc committee was created including Alternate Director Abelli-Amen and Chair Gorin to discuss the Administrator transition. Valley of the Moon Water District indicated they were not going to renew their contract, so the consensus of the ad hoc was to move the Administrator role to the Sonoma County Water Agency (Ann DuBay). It is expected that given the approved FY 18/19 budget there is sufficient funding for this action. The proposed billing rate is lower than the average consultant rate. Staff recommends a 1 year contract.

Additionally, to facilitate the transition and upcoming financial audit, it is recommended to extend the current Administrator contract by 3 months to assist in these key areas.

Legal

Staff recommends extending the term through October 31, 2018 and adding $20,000 of budgeted funds to the contract. This will allow the Board to perform a closed session review at the August Board meeting.
Technical, Outreach and Grant Services

Currently, this work is being performed by Sonoma County Water Agency. Staff recommends extending this contract through October 31, 2018 and authorizing the Administrator and Legal Counsel to negotiate a new agreement through June 30, 2022. The contract will be brought to the Board for approval at the August meeting. No additional funds are being requested at this time.

Facilitation

Facilitation services are currently being provided by Tim Parker with Parker Groundwater via a contract with Sacramento State’s Center for Collaborative Policy. Due to the upcoming transition to Prop 1 grant funding for facilitation, and the extended time required for contracting through the state, staff recommends entering into a new contract directly with Parker Groundwater through October 31, 2018 for an amount not to exceed $7,000. This will allow for continued facilitation of the Advisory Committee until Prop 1 funds become available, at which time new contracts will be negotiated.

Staff Recommendation

1.) Authorize the Chair to execute a contract with Sonoma County Water Agency for Administrative Services for FY 18/19 in an amount not to exceed $85,000; and
2.) Authorized the Chair to execute a contract extension with Valley of the Moon Water District for transitional Administration to expire October 31, 2018; and
3.) Authorize the Chair to execute a contract extension for Legal Services to expire October 31, 2018 and add $20,000 to the total contract amount; and
4.) Authorize the Administrator to execute only a contract extension for Technical, Outreach and Grant Services with Sonoma County Water Agency to expire October 31, 2018; and
5.) Authorize the Administrator and Legal Counsel to negotiate a new agreement for Technical, Outreach and Grant Services with Sonoma County Water Agency for Board review and approval; and
6.) Authorize the Administrator to execute a new facilitation services contract with Parker Groundwater set to expire October 31, 2018 for an amount not to exceed $7,000.

Fiscal Information

All budgeted items in the FY 18/19 budget.

Vote Required

Majority

List of Attachments

None

Contact
Daniel Muelrath, Administrator, 707-996-1037, dmuelrath@vomwd.com
Sonoma Valley Groundwater Sustainability Agency

TO: Board of Directors
FROM: Ann DuBay, Outreach Coordinator
SUBJECT: Agency Logo

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 Santa Rosa Plain 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 by a vote of the Directors.”

In March and April, staff of all three Sonoma County GSAs discussed logo options and priorities. In order 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 Sonoma Valley GSA logo, which is identical to those for the Petaluma Valley and Santa Rosa Plain 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.
Logos Letterhead, etc.

Logos Web Friendly

Type of Vote Required
Simple majority

Fiscal Information
None

Staff Recommendation
Approve logo as presented.

List of Attachments
1. Logo presentation.

Contact
Ann DuBay, GSA Outreach Coordinator, 707-524-8378, ann.dubay@scwa.ca.gov
TO: Board of Directors  
FROM: Daniel Muelrath, Administrator and Jay Jasperse, Plan Manager  
SUBJECT: Administrator & Plan Manager Report

Summary: Updates on recent activities.

Background

Oral updates on relevant items will be provided by the Administrator and Plan Manager.

Staff Recommendation

Receive.

List of Attachments

None.

Contact

Daniel Muelrath, Administrator, 707-996-1037 dmuelrath@vomwd.com