AGENDA

1. Call to Order, Roll Call (and oaths of office as needed)

2. Consent Calendar
   A. Approve Minutes of March 22, 2018
   B. Approve Financial Report
   C. Approve report on In-kind Contribution Status

3. Director/Subcommittee Reports
   A. Ad hoc committee on rate/fee study

4. Advisory Committee Report

5. Information Items

6. Action Items
   A. Rate/fee study
      Recommended action: provide feedback on rate/fee study options.
   B. **2018 California Department of Water Resources’ Basin Prioritization**
      Recommended action: Consider whether to (1) submit a comment letter on the draft document and to (2) submit or support a request for basin boundary modifications to include a portion of the Wilson Grove Highlands Groundwater Basin into the Petaluma Valley Groundwater Basin.
   C. **Approval of the Agency becoming monitoring entity for the basin under CASGEM**
Recommended action: Authorize the Plan Manager, on behalf of the Petaluma Valley GSA, to file as the CASGEM Monitoring Entity for the Petaluma Valley Groundwater Basin.

D. Agency staffing and consulting services for fiscal year 2018-19
   i. Technical, Outreach, and Grant Services
      Recommended action: authorize Administrator to execute a no-cost extension of existing Service Agreement with the Sonoma County Water Agency
   ii. Legal Services
      Recommended action: authorize Administrator to execute an extension of existing Service Agreement with Kronick, Moskovitz, Tiedemann and Girard, with an additional $5,000 added to the not-to-exceed budget.
   iii. Facilitation Services
      Recommended action: authorize Administrator to execute a no-cost extension of existing Service Agreement with the Center for Collaborative Policy
   iv. Groundwater Level Monitoring Services
      Recommended action: approve service agreement with Sonoma RCD as presented, and authorize Chair to execute.
   v. Administrative Services
      The Board will consider the appointment of a new Interim Administrator.
      Recommended action: (1) direct the current Interim Administrator to negotiate a service agreement with the Sonoma County Water Agency to provide 2 years of administrative services, not to exceed $100,000 for each year. (2) Authorize Chair to execute agreement. (3) Effective July 1, 2018, appoint Ann DuBay as Administrator and Secretary of the Agency.

E. Agency policies
   i. Purchasing policy
      Recommended action: adopt policy as presented.
   ii. Investment policy
      Recommended action: adopt policy as presented.
   iii. Capitalization policy
      Recommended action: adopt policy as presented.

F. Agency seal/logo
   Recommended action: approve seal/logo as presented.

G. Schedule for Fiscal Year 18-19 Board meetings
   Recommended action: approve schedule as presented.

7. Administrator & Plan Manager Reports

8. Public comment on matters not listed on the agenda but within the subject matter jurisdiction of the board
   Comments are restricted to matters within the Board’s jurisdiction. Each speaker will be asked to keep their comments to no more than three (3) minutes, or an alternate amount of time as
determined by the Board Chair. The Board Chair may limit public comments to a total of thirty (30) minutes initially, and continue any remaining appearances beyond the thirty (30) minutes at the end of the regularly scheduled business of the day. 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.

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 Valerie Quinto at 707-569-1448 x102, 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 on the website at: http://www.sonomacountygroundwater.org, and at the following location:
City of Petaluma, Public Works and Utilities Department
202 N. McDowell Boulevard
Petaluma, CA 94954

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 or Valerie Quinto vminton@sonomarcd.org
1. **Call to Order, Roll Call**

   **David Rabbitt**, Chairman, called the meeting to order at 4:10 pm, and noted that a quorum of the board was present, consisting of the following Directors: David Rabbitt, Dan St. John, Carolyn Wasem, and Jennifer Kuszmar. Susan Gorin joined the meeting at 5:15 pm.

2. **Consent Calendar**

   **A. Approve Minutes of January 25, 2018**
   **B. Approve Financial Report**
   **C. Approve report on In-kind Contribution Status**

   **Valerie Quinto**, Interim Administrator, requested that item 6-G (polling services related to fee/rate options) be removed from the agenda.

   **Director Wasem** moved to approve the consent calendar with the above change to the agenda, **Director St. John** seconded.

   No public comments were received.

   Motion passed unanimously.

3. **Director/Subcommittee Reports**

   None.

4. **Advisory Committee Report**

   **Valerie Quinto**, Interim Administrator, presented the Advisory Committee Report.

5. **Information Items**

   **A. Briefing on Groundwater Sustainability Plan Initiation**

   **Jay Jasperse**, Plan Manager, and **Marcus Trotta**, Sonoma County Water Agency, presented the informational item to the Board.
No public comments were received.

6. Action Items

A. **Budget for FY18-19.**
   Valerie Quinto, Interim Administrator, presented the item. Board discussion included a suggestion that the Agency develop a reserve policy in the future.
   No public comments were received.
   **Director Gorin** moved to adopt the budget as presented, **Director St. John** seconded. The motion passed unanimously.

B. **Conflict of Interest Code.**
   Valerie Quinto, Interim Administrator, presented the item. No public comments were received.
   **Director St. John** moved to adopt the Code as presented, **Director Kuszmar** seconded. The motion passed unanimously.

C. **Secretary Appointment.**
   Valerie Quinto, Interim Administrator, presented the item. No public comment was received.
   **Director Kuszmar** moved to appoint Valerie Quinto, Interim Administrator, as Secretary, **Director Wasem** seconded. Motion passed unanimously.

D. **Advisory Committee Agricultural Representative Appointment.**
   Valerie Quinto, Interim Administrator, presented the item. No public comment was received.
   **Director Kuszmar** moved to appoint Drew Buechley to fill the vacant agricultural representative seat on the Advisory Committee, **Director Wasem** seconded. Motion passed unanimously.

E. **Basin Boundary Modifications.**
   Jay Jasperse, Plan Manager, presented the item. No public comment was received.
   **Director Wasem**, moved to accept the Plan Manager recommendation to not pursue potential basin boundary modifications at this time, **Director Kuszmar** seconded. Motion passed unanimously.

F. **Fee/Rate Analysis for short-term agency operations.**
   Sally Van Etten, Raftelis, presented the item. Board discussion included questions regarding the potential for recharge credits, limitations of a parcel tax approach, desire to spread costs widely and equitably, and
potential to pause on developing fees if needed.
Chair Rabbitt appointed himself and Director Wasem to serve on an ad hoc to work with staff and consultants on the issue and report back to the Board.
No public comments were received.
No action was taken.

Ann DuBay, Sonoma County Water Agency, presented the item.
No public comment was received.
Director Kuszmar moved to support both bond measures, Director Gorin seconded. Motion passed unanimously.

H. Policy on Legislative Items with Fiscal Impact on Groundwater Programs/Projects and State Bond Measures.
Ann DuBay, Sonoma County Water Agency, presented the item.
No public comment was received.
Director Gorin moved to adopt the policy as presented, Director Wasem seconded. Motion passed unanimously.

7. Administrator & Plan Manager Reports
Valerie Quinto, Interim Administrator, presented highlights from the written Administrator Report. Directors provided preliminary ideas for future GSA administrative staffing, including use of a consultant, and use of one Administrator for all three Sonoma County basins.

Jay Jasperse, Plan Manager, presented updates on a data management system grant, and an aquifer storage and recovery test in Sonoma Valley.

8. Public comment on matters not listed on the agenda but within the subject matter jurisdiction of the board
No public comments were received.

9. Adjournment
Chair Rabbitt adjourned the meeting at 6:32 pm.
Petaluma Valley Groundwater Sustainability Agency  
Financial Report - Budget to Actual as of 5/31/2018

<table>
<thead>
<tr>
<th>Account</th>
<th>Account Description</th>
<th>Budget FY 2017/18 (as of 5/31/18)</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>42601</td>
<td>County of Sonoma</td>
<td>$143,333.00</td>
<td>100%</td>
</tr>
<tr>
<td>42612</td>
<td>City of Petaluma</td>
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<td>100%</td>
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<tr>
<td>42627</td>
<td>Special Districts (North Bay Water District)</td>
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<tr>
<td>42000</td>
<td>Total Intergovernmental Revenues</td>
<td>$306,666.00</td>
<td>100%</td>
</tr>
<tr>
<td>44002</td>
<td>Interest on Pooled Cash</td>
<td>-</td>
<td>$939.97</td>
</tr>
<tr>
<td>44000</td>
<td>Total Revenue - Use of Money &amp; Prop</td>
<td>-</td>
<td>$939.97</td>
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<tr>
<td></td>
<td><strong>Grand Total Revenues</strong></td>
<td><strong>$306,666.00</strong></td>
<td><strong>100%</strong></td>
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<tr>
<td>51041</td>
<td>Insurance - Liability</td>
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<td>51201</td>
<td>Administration Services</td>
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<tr>
<td>51211</td>
<td>Legal Services</td>
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<tr>
<td>51226</td>
<td>Consulting Services</td>
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<td>51251</td>
<td>Claims Processing</td>
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<tr>
<td>51421</td>
<td>Rents and Leases - Bldg/Land</td>
<td>$3,500.00</td>
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<td><strong>Subtotal Services</strong></td>
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<td>Office Supplies</td>
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<tr>
<td>52101</td>
<td>Other Supplies</td>
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<td>52117</td>
<td>Mail and Postage Supplies</td>
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<td>52118</td>
<td>Printing and Binding Supplies</td>
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<td>51000</td>
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<td><strong>Grand Total Expenditures</strong></td>
<td><strong>$306,666.00</strong></td>
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</table>
## Petaluma Valley Groundwater Sustainability Agency

### Report on In-kind Contributions, as of 4/25/18

<table>
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<tr>
<th>Member Agency</th>
<th>In-kind Commitment</th>
<th>FY 2017/18 Year-to-Date (as of 4/25/18)</th>
<th>% of Commitment Expended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonoma County Water Agency</td>
<td>$ 143,333.00</td>
<td>$ 74,600.01</td>
<td>52%</td>
</tr>
<tr>
<td>SonomaResource Conservation District</td>
<td>$ 20,000.00</td>
<td>$ 20,000.00</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 163,333.00</strong></td>
<td><strong>$ 94,600.01</strong></td>
<td><strong>58%</strong></td>
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</table>
Petaluma Valley Groundwater Sustainability Agency
Report Item

TO: Board of Directors
FROM: Valerie Quinto, Interim Administrator
SUBJECT: Advisory Committee Report

Summary: The Advisory Committee met twice since the last Board meeting, focusing on the rate/fee study, and Groundwater Sustainability Plan initiation.

Andy Rodgers, Advisory Committee Chair, will provide a verbal update at the Board meeting.

Type of Vote Required
None.

Fiscal Information
N/A

Staff Recommendation
No action recommended.

List of Attachments
None.

Contact
Valerie Quinto, Interim Administrator, 707-569-1448 x102, vminton@sonomarcd.org
TO: Board of Directors  
FROM: Valerie Quinto, Interim Administrator  
SUBJECT: Rate/fee study

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

Background

At the March 22nd Board meeting, Raftelis Financial Consultants provided an overview on the fee/rate study, including the study purpose, scope, timeline and preliminary findings. The Board asked questions and provided helpful feedback. The Chair appointed an ad hoc consisting of Chair David Rabbitt and Director Carolyn Wasem to work with staff and consultants on this item and report back to the Board.

Since that meeting, the Agency hosted a Community Workshop on March 29th to update interested members of the public on the rate/fee study process and collect feedback. Summary notes from that workshop are available on the Agency’s website. Staff and consultants further developed fee option scenarios based on community feedback, and presented further refined scenarios to the Advisory Committee for discussion. The ad hoc committee has also participated in conference calls with staff, consultants, legal counsel, and ad hoc members from the other two Sonoma County basins, to discuss 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 is relies primarily on estimating the amount of groundwater use by municipalities/public water systems, agriculture and rural residential well owner and allocating costs to each category based on estimates of groundwater use within each category (or subcategory).

In addition, based on feedback received from the Board and the Advisory Committee, the ad hoc committee also requested analysis of:
Agenda Item: 6A  
Meeting Date: June 21, 2018

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

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

Legal Opinions and Timing

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

The original timeline for the funding options study anticipated the Board making a final decision at its May 24th meeting (which was later rescheduled to June 21st). 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 possible second legal opinion), plus the desire and necessity of additional public input (including a second public workshop/meeting to educate and inform people about a proposed fee), the GSA will not meet the County Assessor’s deadline.

While Raftelis’ timeline anticipated completing work by the end of June, there was more than $35,000 left in the $85,000 contract at its most recent billing (May 11, 2018). If costs exceed the $85,000, the GSA budget for fiscal year 2018-19 includes additional funding for the study and implementation.

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.

Board Feedback

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

1. Parcel tax or fee: *Is the Board interested in pursuing a flat parcel fee?*
2. Fee based on estimated groundwater use (Categorical Benefit Fee):
   a. To charge rural residential well users, they need to be regulated (likely through a simple well registration program): *Should staff take steps to bring an ordinance or resolution to the Board to regulate rural residential (de minimis) users?*
   b. Some municipalities are not currently using groundwater. *Should costs be shared by municipalities based on the actual and/or potential use of groundwater in the basin?*
3. Proportional Benefit Fee (a parcel based fee that would spread costs broadly, but segmented by parcel size and, possibly, land-use designation): *Should unirrigated Open Space parcels and other parcels (ex., CalTrans right of ways, water ways), be included in the tax base?*
4. Ongoing member agency contributions: *Is the Board interested in pursuing ongoing member agency contributions?*

Type of Vote Required

None at this time.

Fiscal Information

Costs for ongoing work are included in the Agency’s FY17-18 and FY18-19 budgets.

Staff Recommendation

No action recommended at this time. In lieu of formal action, staff recommends that the Board provide feedback on rate/fee options, and specifically the questions above.

List of Attachments

None.

Contact

Valerie Quinto, Interim Administrator, 707-569-1448 x102, vminton@sonomarcd.org
Petaluma Valley Groundwater Sustainability Agency

Action Item

TO: Board of Directors
FROM: Jay Jasperse, Plan Manager
SUBJECT: 2018 California Department of Water Resources’ Basin Prioritization

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

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 Petaluma Valley include 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 Petaluma 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 subject to identical requirements and timelines under SGMA.

**Potential for Revisiting Basin Boundary Modification**

Staff is also communicating with DWR regarding the change in prioritization to the Wilson Grove Formation Highlands basin (which immediately borders both Santa Rosa Plain and Petaluma Valley basins). At its March meeting, the Board discussed the option of expanding the northwestern boundary to include portions of the Wilson Grove Formation Highlands Groundwater Basin up to the surface watershed divide. If the Petaluma Valley GSA were to expand its boundaries to the watershed line, it would add approximately 7,435 acres and 3,855 parcels (1,208 acres and 2,305 parcels within the City of Petaluma and 6,227 acres and 1,550 parcels of unincorporated property). Previous technical studies and the ongoing USGS study of groundwater in Petaluma Valley indicate that the areas are hydrogeologically connected and groundwater flows from the Wilson Grove area toward the Petaluma Valley Groundwater Basin. However, data gaps and uncertainty exist related to: (1) the degree of the hydrogeologic connection between the areas and (2) whether the surface water divide coincides with a groundwater flow divide that would represent an appropriate new northwestern boundary.

During discussions with Advisory Committee meetings prior to the March meeting and release of DWR’s 2018 Draft Prioritization, many, though not all, committee members expressed support for a basin boundary modification to include the Wilson Grove area (northwestern boundary area).

At the March meeting, the Board decided to not request basin boundary modifications during the current submission period which ends June 30, 2018 based on staff and advisory committee recommendations. At that time, staff recommendations to not pursue basin boundary modifications were based on: (1) uncertainties related to the technical justifications and community support; (2) lack of existing funding for the effort; and (3) the need to move forward with other technical work related to GSP development. However, the April 12, 2018 staff report on the basin boundary considerations also noted that “Should the prioritization and SGMA compliance requirements change for the Wilson Grove Highlands Groundwater basin from DWRs reprioritization process (projected to be released in Spring 2018), stakeholders perspectives on boundary modifications may change.” With the elevated priority for the Wilson Grove Formation Highlands basin in the 2018 Draft Prioritization it is likely that stakeholders perspectives on basin boundary modifications within the Wilson Grove Highlands basin have changed.
In addition to the likely change in stakeholder perspectives, DWR has indicated that a lower level of effort than originally contemplated for the modification request may be acceptable. Specifically, rather than preparing and submitting new documentation for the required hydrogeologic conceptual model and technical studies, submission of existing studies and information may be acceptable to DWR. It is possible that Wilson Grove Formation Highlands could be moved back to low or very-low priority if both Santa Rosa Plain and Petaluma Valley GSAs expanded boundaries to the watershed line (removing the most populous areas from the Wilson Grove Formation Highlands). Based on these recent developments, staff is reviewing data to determine the impacts on the Wilson Grove Formation Highlands basin and Petaluma Valley basin if the Santa Rosa Plain and Petaluma Valley basins moved boundaries to the west (to the watershed line).

It is also possible that the City of Petaluma may wish to submit a jurisdictional basin boundary modification request to include the Wilson Grove Formation portions of the City’s jurisdictional area within the Petaluma Valley Groundwater Basin.

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

1. Submit a letter to DWR commenting on any data issues in the draft Basin Reprioritization document; and
2. Submit a request to DWR for an extension of the deadline for Basin Boundary Modifications (currently June 30, 2018) to August 31, 2018;
3. Should the lower level of effort in preparing and submitting a request be acceptable to DWR and supported by data analysis, preparing and submitting a Basin Boundary Modification request to expand Petaluma Valley northwestern basin boundaries to the watershed line; and
4. Should the City of Petaluma request a jurisdictional basin boundary modification adding the portions of the City currently within the Wilson Grove Formation Highlands basin to the Petaluma Valley basin, submit a support letter to DWR.

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

Vote Required
Majority

List of Attachments
1. Summary Table of reprioritization

Contact
Jay Jasperse, Plan Manager, 707-547-1959, Jay.Jasperse@scwa.ca.gov
### Summary of 2014 & 2018 SGMA Prioritization – Petaluma Valley

<table>
<thead>
<tr>
<th>Basin Name</th>
<th>Wilson Grove Highlands</th>
<th>Petaluma Valley</th>
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<tr>
<td><strong>Criteria/Year Reported</strong></td>
<td><strong>2018</strong></td>
<td><strong>2014</strong></td>
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<tr>
<td>Basin Area (sq mi)</td>
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<td>Basin Area (acres)</td>
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<td><strong>C1 Population Density Points</strong></td>
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<tr>
<td>Population projection</td>
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<td>(growth)</td>
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<tr>
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<td>Production Wells/sq mi</td>
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<td><strong>C4 Production Well Density Points</strong></td>
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<tr>
<td>Irrigated Acres</td>
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<td>2</td>
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<td>SW Use AF</td>
<td>6,111</td>
<td>-</td>
</tr>
<tr>
<td>Urban GW AF</td>
<td>4,119</td>
<td>-</td>
</tr>
<tr>
<td>Ag GW AF</td>
<td>18,153</td>
<td>-</td>
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<tr>
<td>Total Water Use</td>
<td>28,384</td>
<td>-</td>
</tr>
<tr>
<td>Total GW Use</td>
<td>22,273</td>
<td>3,417</td>
</tr>
<tr>
<td>GW Use – AF/Basin Acre</td>
<td>0.25</td>
<td>-</td>
</tr>
<tr>
<td><strong>GW Use/AF/Basin Area Points</strong></td>
<td>3</td>
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<tr>
<td>GW Percent Supply</td>
<td>78.46</td>
<td>23</td>
</tr>
<tr>
<td><strong>GW Percent Supply Points</strong></td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td><strong>C6 GW Priority Points</strong></td>
<td><strong>3.5</strong></td>
<td>-</td>
</tr>
<tr>
<td>Groundwater Reliance Total*</td>
<td>NA</td>
<td>0</td>
</tr>
<tr>
<td>Impacts – Groundwater Level Declines</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Impacts – Extraction Caused Subsidence</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Impacts – Saltwater Intrusion</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Impacts – Water Quality</td>
<td>3</td>
<td>-</td>
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<td><strong>C7 Impacts Priority Points</strong></td>
<td>2</td>
<td>-</td>
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<tr>
<td>Streamflow Points</td>
<td>1</td>
<td>-</td>
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<tr>
<td>Habitat Points</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Adverse Adjustment Points</td>
<td>0</td>
<td>-</td>
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<tr>
<td><strong>C8a Habitat Streamflow Priority Points</strong></td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td><strong>C8b Basin Other Info Priority Points</strong></td>
<td>0</td>
<td>-</td>
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<td><strong>Total Points</strong></td>
<td><strong>18.5</strong></td>
<td><strong>0 (9.75)</strong></td>
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<tr>
<td><strong>SGMA Priority</strong></td>
<td>Medium</td>
<td>Very Low</td>
</tr>
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</table>
Petaluma Valley Groundwater Sustainability Agency

Action Item

TO:      Board of Directors
FROM:    Marcus Trotta, Sonoma County Water Agency
SUBJECT: California Statewide Groundwater Elevation Monitoring Program

Summary: The purpose of this item is to consider authorizing the Plan Manager, on behalf of the Petaluma Valley GSA, to file as the CASGEM Monitoring Entity for the Petaluma Valley Groundwater Basin

Background

The California Statewide Groundwater Elevation Monitoring Program (CASGEM) was established by the California Legislature in 2009 prior to the Sustainable Groundwater Management Act (SGMA). CASGEM requires groundwater elevation monitoring for every basin and sub-basin listed in the California Department of Water Resources Bulletin No. 118. If no Monitoring Entity steps forward to undertake the elevation monitoring local eligible Monitoring Entities and the counties would become ineligible for state water grants and loans. Monitoring Entities are responsible for coordinating groundwater-level monitoring and reporting the groundwater-level data to the California Department of Water Resources (DWR).

The City of Petaluma is currently the Monitoring Entity for the Petaluma Valley Groundwater Basin. However, the City has been limited in its’ ability to implement CASGEM monitoring in areas of the basin that are outside of the City’s jurisdiction and the City is interested in having the GSA assume the role of Monitoring Entity from the City. DWR has indicated that for basins developing Groundwater Sustainability Plans (GSPs), the CASGEM program will be replaced by the monitoring programs developed for the GSPs and administered by the GSAs. Assuming the role of Monitoring Entity in this interim period prior to completion of the GSP will allow the GSA to begin the work of enhancing the monitoring network and fill data gaps as the GSP is being developed.

In other basins of Sonoma County, the Sonoma County Water Agency (Water Agency) coordinates the monitoring and reporting activities either as the Monitoring Entity directly or
through a cooperative agreement with the County. In these other basins, the Water Agency has retained local organizations familiar with rural landowners and experienced in data collection to conduct the monitoring, including the Sonoma Resource Conservation District (RCD), Gold Ridge RCD, and the California Land Stewardship Institute.

**Type of Vote Required**
This item requires a majority vote.

**Fiscal Information**
Under the scope of the existing agreement in place between the Water Agency and the Petaluma Valley GSA, funds are budgeted for work associated with filing as the Monitoring Entity on behalf of the GSA and initiating the monitoring coordination and reporting. Funds are also budgeted for these activities in the GSA’s FY 17/18 and 18/19 budgets and funding for evaluating future monitoring network enhancements are included in the scope of work associated with the $1 million Prop 1 Grant from DWR.

**Staff Recommendation**
1. Authorize the Plan Manager, on behalf of the Petaluma Valley GSA, to file as the CASGEM Monitoring Entity for the Petaluma Valley Groundwater Basin.

**List of Attachments**
None.

**Contact**
Marcus Trotta, Interim Administrator, 707-547-1978, mtrotta@scwa.ca.gov
Petaluma Valley Groundwater Sustainability Agency

Action Item

TO: Board of Directors
FROM: Valerie Quinto, Interim Administrator
SUBJECT: Agency staffing and consulting services for fiscal year 2018-19 - (i) technical, outreach and grant services; (ii) legal services; and (iii) facilitation services

Summary: Agreements for GSA staffing, including (i) technical, outreach and grant services; (ii) legal services; and (iii) facilitation services expire on June 30, 2018. Staff recommends that the Board authorize the Administrator to execute no-cost extensions of the existing agreements (i and iii) and an extension with additional funds (ii) to avoid gaps in services at the beginning of fiscal year 2018-19.

Background

Staffing for the GSA is provided through agreements with member agencies and consultants. Agreements for (i) technical, outreach and grant services; (ii) legal services; and (iii) facilitation services are provided through three contracts, all which end at the end of the current fiscal year (June 30, 2018). However, all three contracts are under-budget and have funds remaining. For a variety of reasons, described below, it is recommended that all three agreements be extended.

i. Technical, Outreach and Grant services:

The Sonoma County Water Agency (Water Agency) entered into an agreement with the GSA at the August 2017 Board meeting to provide technical, outreach and grant administration services for $144,500. As a member agency, the bulk of the Water Agency’s services are being credited against its $143,333 member agency contribution. At the end of the third quarter (March 30, 2018), less than $75,000 of the total agreement was expended.

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

Staff recommends that the Board:
1. Approve a no-cost time extension of the existing contract through October 31, 2018; and
2. Authorize the administrator and legal counsel to negotiate with the Water Agency on a new contract for a time period through June 30, 2022, to be brought to the Board before October 31, 2018 (timing depending on completion of grant negotiations with DWR).

ii. Legal:

The Sacramento-based law firm Kronick, Moskovitz, Tiedemann and Girard (Kronick) was selected to serve as general legal counsel for the GSA through a formal solicitation process in 2017, and a contract was approved by the Board at its August 2017 meeting. The contract expires at the end of the fiscal year, but as of April 30, less than $37,000 of the $60,000 contracted amount was spent. Despite the slow “spend rate” on this agreement, staff do anticipate additional costs in the coming months as Kronick engages outside counsel to provide a second opinion on rate/fee options. In order to assure that funding is available both for this second opinion and to assure no gap in general counsel services from Kronick, staff recommend adding $5,000 to the total not-to-exceed amount of the contract.

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

1. Extending the contract time to expend remaining funds and add $5,000 to the existing budget; or
2. Authorizing the Administrator to renew the contract with the same terms for between one and three years for an additional $44,000-$132,000.

Staff recommends that the Board extend the contract through October 31, 2018 and review legal counsel performance in closed session at the August Board meeting.

iii. Facilitation:

The GSA currently has an agreement with the Center for Collaborative Policy to provide facilitation services for the Advisory Committee. This agreement was supplemented by Facilitation Support Services provided by DWR. Thanks to the DWR support, there is over $6,000 remaining in the CCP agreement. The Proposition 1 grant, which is currently being negotiated, includes facilitation for up to six Advisory Committee meetings annually. Future facilitation contracts for services funded by the DWR grant will be issued the Water Agency, as part of grant administration.

Staff recommends that the Board:

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

Recommended extensions under items i and iii would be at no-cost. The funds that would be added with the recommended extension under item ii are included in the Agency’s FY18-19 budget. New contracts will be brought to the Board at future meetings, and are budgeted for fiscal year 2018-19.

Staff Recommendation

i. Technical, Outreach and Grant Services: Authorize Administrator to execute a no-cost extension of existing Service Agreement with the Sonoma County Water Agency

ii. Legal Contract: Authorize Administrator to execute an extension of existing Service Agreement with Kronick, Moskovitz, Tiedemann and Girard, with an additional $5,000 added to the not-to-exceed budget.

iii. Facilitation Services: Authorize Administrator to execute a no-cost extension of existing Service Agreement with the Center for Collaborative Policy

Vote Required

Majority.

List of Attachments

i. Amendment No. 1 to the Agreement for Grant Application and Management Services, Outreach and Communication Services, and Technical Services Related to Sustainable Groundwater Management Act between the Petaluma Valley Groundwater Sustainability Agency and the Sonoma County Water Agency

ii. Amendment No. 1 to the Legal Services Agreement between the Petaluma Valley Groundwater Sustainability Agency and Kronick, Moskovitz, Tiedemann and Girard

iii. Amendment No. 1 to the Contract for On-Call, As Needed Professional Facilitation Services Between the Petaluma Valley Groundwater Sustainability Agency and California State University, Sacramento, on behalf of its Center For Collaborative Policy

Contact

Valerie Quinto, Interim Administrator, 707-569-1448 x102, vminton@sonomarcd.org
AMENDMENT NO. 1

to the
AGREEMENT FOR GRANT APPLICATION AND MANAGEMENT SERVICES, OUTREACH AND COMMUNICATION SERVICES, AND TECHNICAL SERVICES RELATED TO SUSTAINABLE GROUNDWATER MANAGEMENT ACT

between the
PETALUMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY
and the
SONOMA COUNTY WATER AGENCY
Dated September 9, 2017

This Amendment No. 1 ("Amendment") to the Agreement for Grant Application and Management Services, Outreach and Communication Services, and Technical Services Related to Sustainable Groundwater Management Act ("Contract") between the Petaluma Valley Groundwater Sustainability Agency ("GSA") and the Sonoma County Water Agency ("Water Agency") dated September 9, 2017 is made and entered into this 24th day of June, 2018.

RECITALS

WHEREAS, GSA and Water Agency executed the Agreement for Grant Application and Management Services, Outreach and Communication Services, and Technical Services Related to Sustainable Groundwater Management Act; and

WHEREAS, GSA desires to amend the Contract to extend the Term of the Contract.

NOW, THEREFORE, IT IS MUTUALLY AGREED by the parties hereto to amend the Contract as follows:

1. Term: The Term of the Contract, as set forth in section 5 of the Contract, is hereby extended until October 31, 2018.

2. Except as expressly provided herein, nothing in this Amendment shall be deemed to waive or modify any of the other provisions of the Contract. In the event of any conflict between this Amendment and the Contract, the terms of this Amendment No. 1 shall prevail.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as the date herein set forth.

PETALUMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY

By: ________________________________
    Valerie Quinto, Interim Administrator

SONOMA COUNTY WATER AGENCY

By: ________________________________
    (print name and title)

APPROVED AS TO FORM

By: ________________________________
    Scott Morris, General Counsel
    Petaluma Valley Groundwater Sustainability Agency

1695132.1 14382-002
This Amendment No. 1 ("Amendment") to the Legal Services Agreement ("Contract") between the Petaluma Valley Groundwater Sustainability Agency ("Agency") and Kronick, Moskovitz, Tiedemann and Girard ("Attorney") dated October 23, 2017 is made and entered into this 24th day of June, 2018.

RECITALS

WHEREAS, Agency and Attorney executed the Legal Services Agreement; and

WHEREAS, Agency desires to amend the Contract to extend the Term of the Contract and increase the not-to-exceed total payments amount.

NOW, THEREFORE, IT IS MUTUALLY AGREED by the parties hereto to amend the Contract as follows:

1. Term: The Term of the Contract, as set forth in section 3 of the Contract, is hereby extended until October 31, 2018.

2. Compensation: The text of section 2 of the Contract is hereby amended to read: "Compensation to Attorney for services shall be at the rates set forth in Exhibit B, provided however that total payments hereunder shall not exceed $60,000 $65,000. The rates set forth in Exhibit B shall not be adjusted without a formal amendment to this Agreement."

3. Except as expressly provided herein, nothing in this Amendment shall be deemed to waive or modify any of the other provisions of the Contract. In the event of any conflict between this Amendment and the Contract, the terms of this Amendment No. 1 shall prevail.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as the date herein set forth.

PETALUMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY

By: __________________________________________
   Valerie Quinto, Interim Administrator

KRONICK, MOSKOVITZ, TIEDEMANN AND GIRARD

By: __________________________________________
   Scott Morris, Attorney

APPROVED AS TO FORM

By: __________________________________________
   Scott Morris, General Counsel
   Petaluma Valley Groundwater Sustainability Agency
AMENDMENT NO. 1
to the
CONTRACT FOR ON-CALL, AS NEEDED PROFESSIONAL FACILITATION SERVICES
between the
PETALUMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY
and the
CALIFORNIA STATE UNIVERSITY, SACRAMENTO, ON BEHALF OF ITS CENTER FOR
COLLABORATIVE POLICY
Dated February 20, 2018 (CSUS Contract #CP170603)

This Amendment No. 1 ("Amendment") to the Contract for On-Call, As Needed Professional Facilitation Services ("Contract") between the Petaluma Valley Groundwater Sustainability Agency ("Agency") and the California State University, Sacramento, on behalf of its Center For Collaborative Policy ("Consultant") dated February 20, 2018 is made and entered into this 24th day of June, 2018.

RECITALS

WHEREAS, Agency and Consultant executed the Contract for On-Call, As Needed Professional Facilitation Services; and

WHEREAS, Agency desires to amend the Contract to extend the Term of the Contract.

NOW, THEREFORE, IT IS MUTUALLY AGREED by the parties hereto to amend the Contract as follows:

1. **Term:** The Term of the Contract, as set forth in the preamble of the Contract and Exhibit A, is hereby extended until October 31, 2018.

2. Except as expressly provided herein, nothing in this Amendment shall be deemed to waive or modify any of the other provisions of the Contract. In the event of any conflict between this Amendment and the Contract, the terms of this Amendment No. 1 shall prevail.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as the date herein set forth.

PETALUMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY

By: _____________________________________________
    Valerie Quinto, Interim Administrator

CALIFORNIA STATE UNIVERSITY, SACRAMENTO, ON BEHALF OF ITS CENTER FOR COLLABORATIVE POLICY

By: _____________________________________________
    (print name and title)

APPROVED AS TO FORM

By: _____________________________________________
    Scott Morris, General Counsel
    Petaluma Valley Groundwater Sustainability Agency
Petaluma Valley Groundwater Sustainability Agency

Action Item

TO: Board of Directors
FROM: Valerie Quinto, Interim Administrator
SUBJECT: Agency staffing and consulting services for fiscal year 2018-19 – (iv)
Groundwater Level Monitoring Services

Summary: When the GSA assumes the role as monitoring entity for the basin under CAGSEM, the Agency will need to begin monitoring groundwater levels in the basin twice annually. This item is to consider a contract for groundwater level monitoring services.

Background

Existing CASGEM Well Network in the Petaluma Valley Groundwater Basin

The existing well network for the California Statewide Groundwater Elevation Monitoring (CASGEM) program, currently managed by the City of Petaluma, is comprised of nine wells. Five are former public supply wells that are located within the City’s boundaries. The remaining four wells in the monitoring network are privately owned. One private well is located in the north part of the basin between Penngrove and Cotati. There are two private wells in east Petaluma, one just east of the City limits on Adobe Road, the other in the hills to the east of the wastewater treatment plant on Lakeville Highway. The fourth private well is southeast of Petaluma at the Sonoma Raceway near Highway 37.

(Continued on next page)
Table 1 - Existing Groundwater Monitoring Well Network in the Petaluma Valley Basin

<table>
<thead>
<tr>
<th>Well ID</th>
<th>R.P. Elev.</th>
<th>G.S. Elev.</th>
<th>Latitude</th>
<th>Longitude</th>
<th>Last Read</th>
<th>Depth</th>
<th>Screen Interval Depth[s]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- Station 1401</td>
<td>39</td>
<td>38.5</td>
<td>38.2648</td>
<td>122.6443</td>
<td>11/6/2014</td>
<td>562</td>
<td>52-253, 280-538</td>
</tr>
<tr>
<td>2- Tahola</td>
<td>47</td>
<td>46</td>
<td>38.2562</td>
<td>122.6259</td>
<td>11/6/2014</td>
<td>425</td>
<td>305-385</td>
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<tr>
<td>3- Garfield</td>
<td>59</td>
<td>58</td>
<td>38.2581</td>
<td>122.6168</td>
<td>11/6/2014</td>
<td>360</td>
<td>220-320, 340-360</td>
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<tr>
<td>4- Miwok</td>
<td>21</td>
<td>18</td>
<td>38.2357</td>
<td>122.6094</td>
<td>11/6/2014</td>
<td>460</td>
<td>90-180, 300-380, 440-460</td>
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<tr>
<td>5- Casa De Arroyo</td>
<td>20.5</td>
<td>18</td>
<td>38.2341</td>
<td>122.6031</td>
<td>11/6/2014</td>
<td>229</td>
<td>89-149, 209-229</td>
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<td>6- Sears Point</td>
<td>122.5</td>
<td>121</td>
<td>38.1531</td>
<td>122.4876</td>
<td>11/25/2014</td>
<td>276</td>
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<tr>
<td>8- St. John</td>
<td>310.5</td>
<td>310</td>
<td>38.3096</td>
<td>122.7098</td>
<td>6/12/2015</td>
<td>419</td>
<td>118-138, 238-258, 388-418</td>
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<tr>
<td>9- Cardinaux</td>
<td>241.5</td>
<td>240</td>
<td>38.2342</td>
<td>122.5525</td>
<td>05/05/2015</td>
<td>370</td>
<td>30-370</td>
</tr>
</tbody>
</table>

Data Gaps

The network does not include wells in the northwest part of the basin, nor in the southwest part of the basin closer to the Petaluma River. The RCD will outreach to existing DWR-monitored wells, and to landowners it has worked with in the past, including landowners near the southern reach of the Petaluma River where there is currently a data gap. After the first year, the need for installing permanent monitoring wells in key areas throughout the basin will be evaluated.

(Continued on next page)
Figure 1 - Actively Monitored Wells for the CASGEM Program in the Petaluma Valley Groundwater Basin

DWR-Monitored (green), City-Owned (orange), and City-Monitored (blue)
Monitoring Roles

The Sonoma County Water Agency (SCWA) will serve as lead data manager, providing feedback and approval of additional wells to be enrolled in monitoring; direction regarding timing of monitoring each spring and fall; and services for reporting monitoring data to the Department of Water Resources. The RCD will conduct outreach for new participants, coordinate timing of visits, and monitor all wells on private property. The City of Petaluma will continue to monitor the five former public supply wells within the city limits and will time their measurements with the RCD’s measurements twice a year. Measurements included in this scope of work and budget will include initial site visits for new wells during later summer 2018, the first coordinated round of measurements in fall of 2018, and the last round of measurements in spring of 2019. RCD will process, digitize, and map the data before sending the data to SCWA.

Monitoring Timeline

<table>
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<tr>
<th>Program Activities</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July</td>
<td>Aug</td>
</tr>
<tr>
<td></td>
<td>Sept</td>
<td>Oct</td>
</tr>
<tr>
<td></td>
<td>Nov</td>
<td>Dec</td>
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<tr>
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<td>Jan</td>
<td>Feb</td>
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<td></td>
<td>Mar</td>
<td>Apr</td>
</tr>
<tr>
<td></td>
<td>May</td>
<td>June</td>
</tr>
<tr>
<td><strong>GSA Groundwater Elevation Monitoring Program</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 - Outreach for new wells and initial site visits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 - Coordinated groundwater monitoring visits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 - Data processing, mapping, and submittal to SCWA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 - Reporting and presentation of data to GSA Board</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 - Project Management and Contract Administration</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fiscal Information

Funds for these services are included in the Agency’s FY1028-19 budget. Funds for SCWA’s role are included in the agreement for Technical Services.

Staff Recommendation
1. Approve service agreement with Sonoma RCD as presented, and authorize Chair to execute.

Vote Required

This item requires a majority vote of the Directors representing the non-contracting members (i.e. the Directors representing all entities other than the Sonoma RCD).

List of Attachments

1. Contract By and Between Petaluma Valley Groundwater Sustainability Agency and the Sonoma Resource Conservation District for Consulting Services for On-Call, As Needed Professional Groundwater Level Monitoring Services

Contact

Marcus Trotta, Sonoma County Water Agency, 707-547-1978, Marcus.trotta@scwa.ca.gov
CONTRACT BY AND BETWEEN
PETALUMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY
AND THE SONOMA RESOURCE CONSERVATION DISTRICT.
FOR CONSULTING SERVICES FOR ON-CALL, AS NEEDED PROFESSIONAL
GROUNDWATER LEVEL MONITORING SERVICES

This contract by and between the PETALUMA VALLEY GROUNDWATER
SUSTAINABILITY AGENCY, hereinafter referred to as “the Agency,” and THE SONOMA
RESOURCE CONSERVATION DISTRICT (RCD), hereinafter referred to as "Consultant,"
shall be effective on the date executed by the Agency.

RECITALS

A. The Agency requests consulting services necessary for groundwater level
monitoring, in an amount not to exceed $25,000.

B. The Consultant submitted its proposal to do such work which has been negotiated
and is attached hereto as Exhibit "A."

C. The Consultant is qualified and experienced to provide such services.

NOW, THEREFORE, IT IS MUTUALLY AGREED by the parties as follows:

ARTICLE 1. SCOPE OF WORK

The Consulting services to be provided under this contract shall consist of the work described in
Exhibit “A,” attached hereto and incorporated herein by reference. Any additional services to be
performed or paid for must be evidenced by a written amendment to this contract. The
Consultant shall serve as the Agency’s professional Consultant for all of the work which the
Consultant is to perform under this contract, and shall consult with and advise the Agency, as
necessary, during the performance of any work required by this contract.

ARTICLE 2. CONSULTANT'S COMPENSATION

Payment for the services performed by the Consultant shall be made according to the rates set
forth in Exhibit “A,” attached hereto and incorporated herein by reference, and shall be
considered as full compensation for all personnel, materials, supplies, services and equipment
used in carrying out the work, and for all the Consultant’s costs and expenses, including any
taxes required to be paid by the Consultant. In no event shall the payment to Consultant under
this contract exceed TWENTY–FIVE THOUSAND DOLLARS ($25,000). Consultant shall be
reimbursed for mileage at the rate equal to the U.S. Federal Government (IRS) per-mile
reimbursement rate and this rate shall supersede or control over all inconsistencies and conflicts
in any proposal. The Consultant shall submit monthly invoices showing the work performed for
each component during the preceding month. Such invoices, if determined to be correct by the
Agency, shall be paid within thirty (30) days of their receipt.
ARTICLE 3. TERMINATION OF CONTRACT

The Agency may terminate this contract or any part thereof at any time upon ten (10) days written notice to the Consultant. In the event of any such termination, the Consultant is to be fairly compensated for all work performed to the date of termination, and the Agency shall be entitled to all work including, but not limited to, the budget, outreach strategy and materials, presentations, fee calculations and associated data, and administrative records, performed to that date.

If the Agency fails to pay the Consultant within thirty (30) days of the date provided for any payments hereunder, the Agency agrees that the Consultant shall have the right to consider such default a breach of this contract, and the duties of the Consultant terminated upon five (5) days written notice.

ARTICLE 4. NOTICE OF DETRIMENTAL INFORMATION

The Consultant shall promptly notify the Agency of the discovery of any information that would be detrimental to the successful completion of the approval process. The Consultant shall provide in writing to the Agency said detrimental information within 24 hours of the time of discovery.

The Agency shall then promptly review such detrimental information and notify the Consultant to proceed with or terminate the remainder of the work.

ARTICLE 5. INSURANCE

A. Indemnity- The Consultant shall indemnify and hold harmless, and when requested by the Agency to do so, defend the Agency, its directors, volunteers, employees, and independent contractors from any and all claims, demands or charges, and from any loss or liability including attorney’s fees and expenses of litigation arising out of the negligence, recklessness, or willful misconduct of the Consultant, its employees or anyone employed by the Consultant in the performance of the contract.

B. Workers’ Compensation- The Consultant shall maintain for the entire duration of this contract such insurance as will protect it from claims under workers’ compensation and employers’ liability acts, such insurance to be maintained, as to type and amount, in strict compliance with State and Federal statutes, with employers’ liability limits to be not less than $1,000,000 per accident.

WORKERS’ COMPENSATION PROVIDER: Special District Risk Management Authority
INSURANCE POLICY NUMBER: WCP-SDRMA-201718
POLICY EFFECTIVE DATES: 7/1/2017-7/1/2018

C. Commercial General and Automobile Liability- The Consultant shall maintain for the entire duration of this contract such broad form commercial general liability and automobile liability insurance that shall protect the Agency, Directors, employees, volunteers,
and independent contractors from claims which may arise from the Consultant’s operation under this contract whether such operations be by the Consultant or by its employees, subcontractors, consultants or anyone directly or indirectly employed by any of the foregoing. The liability insurance shall include but shall not be limited to protection against claims arising from bodily or personal injury or damage to property resulting from operations, equipment, or products of the Consultant or by its employees, subcontractors, consultants or anyone directly or indirectly employed by any of the foregoing. The amount of commercial general liability insurance will not be less than $1,000,000 combined single limit per occurrence coverage for bodily and personal injury and property damage, and $2,000,000 general aggregate. The amount of Automobile Liability insurance will not be less than $1,000,000 per occurrence. The Consultant shall be required to provide prior to beginning work a certificate of insurance and an additional insured endorsement for his commercial general liability and automobile liability policies, and it shall name the Agency, its directors, employees and volunteers as covered insureds.

D. Errors and Omissions- The Consultant shall maintain, for the entire duration of this contract, such errors and omissions insurance as shall protect it from claims based on negligent errors, or omissions, which may arise from the Consultant’s operations under this contract, whether such operations be by the Consultant or by its employees, subcontractors, consultants or anyone else directly or indirectly employed by any of the foregoing. The amount of this insurance shall not be less than $1,000,000.

E. Certificates of Insurance- The Consultant shall provide the Agency with certificates of insurance, and if requested by the Agency, certified copies of the policies required by paragraphs B, C and D of this Article. Approval of the insurance by the Agency shall not relieve or decrease the liability of the Consultant. The certificates shall provide that thirty (30) days written notice of any material change or cancellation of the insurance will be provided to the Agency, and the certificate for the insurance and an Additional Insured Endorsement required by paragraph C of this Article, and the underlying policy therefore, shall expressly include the Agency as an additional insured thereunder. All insurance shall be issued by insurers with a Best’s rating of no less than A-:VII or equivalent or as otherwise approved by the Agency.

ARTICLE 6. MISCELLANEOUS PROVISIONS

A. Consulting Standard. All work to be performed by the Consultant under this contract shall be done in accordance with the prevailing professional standards and in conformance with applicable laws, rules and regulations, and the Consultant represents to the Agency that it and its employees are fully experienced and properly qualified to perform the work and services called for herein, and that it is properly licensed, equipped, organized and financed to perform such work and operations.

B. Consultant is Independent Contractor. The Consultant shall finance its own operations hereunder, shall operate as an independent contractor and not as the agent or employee of the Agency, and nothing in this contract shall be construed to be inconsistent with this relationship or status.

C. Consultant’s Records. The Consultant shall maintain and make available for inspection by the Agency and its auditors accurate records of its costs, disbursements and
receipts with respect to any work under this contract that is to be compensated for on the basis of the Consultant’s salary or other costs or percentage of work completed. Such inspections may be made during regular office hours at any time until 6 months after the final payment under this contract is made to the Consultant.

D. Responsibility for Changes in Work. If the Agency or any persons other than the Consultant make any changes in the work performed by the Consultant hereunder which affect the Consultant’s work, any and all liability arising out of such changes is waived as against the Consultant, and the Agency shall assume full responsibility for such changes, unless the Agency has given the Consultant prior notice and has received from the Consultant such written consent for such changes.

E. Use of Unsigned Plans. Not Applicable.

F. Litigation Costs. Should litigation be necessary to enforce any terms or provisions of this contract or to collect any portion of the amount payable under this contract, litigation and collection expenses, witness fees, court costs and reasonable attorneys’ fees shall be paid to the prevailing party in the amounts set by the court.

G. Arbitration. All questions between the parties as to their rights and obligations under this contract are subject to arbitration if agreed to by both parties. In case of any dispute, either party may request arbitration by submitting a written request for arbitration to the other party. If the other party agrees to arbitration, the disputed matter shall be referred to and decided by two competent persons who are experts in the subject matter of the dispute, one to be selected by the Agency and the other by the Consultant. In case these two experts cannot agree, they shall select a third arbitrator and the decision of any two of them shall be binding on both parties.

H. Assignment. This contract shall be binding upon the heirs, successors, executors, administrators and assigns of the parties; however, no assignment or subcontract by one party shall be valid without the prior written consent of the other party.

I. Notices. All notices that are required to be given by one party to the other under this contract shall have been deemed to have been given if delivered personally or enclosed in a properly addressed envelope and deposited in a United States Post Office for delivery by registered or certified mail addressed to the parties at the following addresses, unless such addresses are changed by notice to the other party:

PETALUMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY
1221 Farmers Lane, Suite F
Santa Rosa, CA 95405

SONOMA RESOURCE CONSERVATION DISTRICT
1221 Farmers Lane, Suite F
Santa Rosa, CA 95405

J. Invalidity of Contract Provisions. Should any provision of this contract be found or deemed to be invalid, this contract shall be construed as not containing such provision, and all
other provisions which are otherwise lawful shall remain in full force and effect, and to this end, the provisions of this contract are declared to be severable.

K. Agency Responsibilities. See Exhibit B regarding data needs that the agency needs to provide to Consultant.

L. Place of Making and Performance of Contract. This contract shall be deemed to have been made in Sonoma County, California and deemed to be required to be performed in Sonoma County, California.

M. Financial Disclosure. The Consultant shall make all disclosures required by the Agency’s conflict of interest code in accordance with the Consultant category designated by the Agency, unless the Agency’s General Manager determines in writing that the Consultant’s duties are more limited in scope than is warranted by the Consultant category and that a narrower disclosure category should apply. The Consultant also agrees to make disclosure in compliance with the Agency’s conflict of interest code if, at any time after the execution of this contract, the Agency determines and notifies the Consultant in writing that the Consultant’s duties under this contract warrant greater disclosure by the Consultant than was originally contemplated. The Consultant shall make disclosures in the time, place and manner set forth in the Agency’s conflict of interest code and as directed by the Agency.

ARTICLE 7. SPECIAL CONDITIONS. Not applicable.

PETALUMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY

By: ________________________________ Dated: ________________
    David Rabbitt
    Board Chair

SONOMA RESOURCE CONSERVATION DISTRICT

By: ________________________________ Dated: ________________
    Valerie Quinto
    Executive Director

Approved as to form:

_______________________________
Scott Morris, General Counsel
Petaluma Valley Groundwater Sustainability Agency
EXHIBIT A

Scope of Work

TASK 1: Groundwater Elevation Monitoring and Outreach
- Outreach and secure new participants for the Petaluma Valley GSA Groundwater Elevation Monitoring Program (PVGEMP). Conduct initial site visits to the new wells before fall 2018 and gather available information on new participant wells including well depth, screened interval, ground surface and reference point elevations, and latitude/longitude coordinates.
- Obtain new landowner access agreements for all new and existing GM program participants.
- Call and coordinate with all participants and the City of Petaluma to schedule two rounds of semi-annual monitoring visits.
- Conduct groundwater elevation monitoring and collect data on all participating wells except for the City of Petaluma wells for fall of 2018 and spring of 2019.

TASK 2: Contract Management and Data Reporting
- Draft quarterly contract progress reports and invoices.
- Process, digitize, map, and submit data to the Sonoma County Water Agency and the Petaluma Valley Groundwater Sustainability Agency by May 31st each year for spring measurements and November 30th each year for fall measurements.
- Draft a final report of groundwater monitoring data findings and present to the GSA governing board with input from SCWA and the City of Petaluma, by June 2019.

Schedule of Rates:

<table>
<thead>
<tr>
<th>Title</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Director</td>
<td>$121</td>
</tr>
<tr>
<td>Project Manager</td>
<td>$100</td>
</tr>
<tr>
<td>District Administrator</td>
<td>$94</td>
</tr>
<tr>
<td>Project Assistant</td>
<td>$83</td>
</tr>
<tr>
<td>Mileage</td>
<td>Billed at current IRS rate</td>
</tr>
<tr>
<td>Supplies</td>
<td>Billed at cost</td>
</tr>
</tbody>
</table>
EXHIBIT B

Agency will provide:

1. List and locations of wells currently enrolled in CASGEM monitoring within the basin, and contact information for well owners.
2. Information regarding areas of the basin where additional monitoring locations are desired.
3. Feedback and approval of additional wells to be enrolled in monitoring.
4. Direction regarding timing of monitoring each spring and fall.
5. Services for reporting monitoring data to the Department of Water Resources.
TO: Board of Directors  
FROM: Valerie Quinto, Interim Administrator  
SUBJECT: Agency staffing and consulting services for fiscal year 2018-19 – (v)  
Administrative Services

Summary: The current Interim Administrator will not be able to provide administrative services to the GSA in Fiscal Year 18-19. This item is to consider appointing a new Administrator.

Background

At its June 2017 meeting, the Board entered into agreement for administrative services with the Sonoma Resource Conservation District (RCD) through the 2018-18 fiscal year, and appointed Valerie Quinto as Interim Administrator.

At the Agency’s April 2017 Board meeting, Valerie reported that because of the heavy commitment of time, the RCD could not provide administrative services in Fiscal Year 2018-19. It was also reported that, for the same reason, the administrators in Santa Rosa Plain (Gold Ridge RCD) and Sonoma Valley (Valley of the Moon Water District) could no longer provide administrative services.

Staff in all three basins recommended to their Boards that one full-time person be engaged to provide administrative services in all three basins as a way to improve efficiencies and reduce costs.

The Board provided initial feedback, indicating an interest in a single Administrator for all three basins, and an openness to that Administrator being either a member agency or a consultant. Staff have researched administrative staffing models in other basins throughout the state, and have considered administrative staffing options available in Sonoma County.

The three member agencies that are active in all three Sonoma County GSAs are: County of Sonoma, Sonoma County Water Agency, and Sonoma Resource Conservation District. The Water Agency is interested in providing administrative services. The County and the Sonoma RCD are not interested in providing administrative services at this time.

The Water Agency estimates that it could provide administrative services (including clerical and
accounting services) to all three basins at approximately $100,000 per basin. This is $14,000 less than is currently budgeted for administration in FY 2018-19. Rates for these services would be as follows:

<table>
<thead>
<tr>
<th>POSITION</th>
<th>STATE GRANT RATE (RATE CHARGED GSA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community &amp; Government Affairs Manager</td>
<td>$126.08</td>
</tr>
<tr>
<td>Accountant III</td>
<td>$92.40</td>
</tr>
<tr>
<td>Account clerk II</td>
<td>$56.61</td>
</tr>
<tr>
<td>Clerical services</td>
<td>$58.70</td>
</tr>
</tbody>
</table>

Staff have identified the following potential benefits of contracting with the Water Agency to provide administrative services:

- Competent staff with institutional knowledge from the GSA’s formation and first year of operations (Ann DuBay would serve as Administrator if the Water Agency is selected)
- Demonstrated dedication to making the GSA a success, both on an organizational level and on the part of specific staff who would be assigned
- “Deep bench” of staff available to carry out the breadth of administrative functions needed – e.g. clerical, financial, interacting with Board and public
- Highly competitive rates
- Smoothness of transition from current Interim Administrator to new Administrator

Staff have also discussed the possibility of issuing a request for proposals (RFP) for consultants to provide administrative services. This is not the recommended option for a number of reasons:

- Consultant rates are anticipated to be higher than the rates offered by SCWA. Among other basins in California that use consultants for administrative services, many are spending more than Sonoma County’s GSAs currently have budgeted for those services.
- Conducting an RFP process at this point would be challenging, as heavy staff resources are currently being devoted to the rate/fee study. An RFP process could not be completed by the new fiscal year, so an extension of the existing administrative services agreement would need to be implemented.
- In addition to the RFP process (developing and issuing a proposal; coordination of a proposal review team/ad hoc; and negotiating a contract), a smooth transition to a consultant would require significant time from the plan manager, rate/fee study consultant and attorneys to get a new administrator up-to-speed.

Based on the above-identified drawbacks of seeking a consultant, and the potential benefits of working with the Water Agency, staff recommend hiring the Water Agency to provide administrative services.
Fiscal Information

The not-to-exceed amount proposed by staff ($100,000 per year) is $14,000 less than the amount budgeted for administrative services ($114,000) in the Agency’s FY18-19 budget.

Staff Recommendation

1. Direct the current Interim Administrator to negotiate a service agreement with the Sonoma County Water Agency to provide 2 years of administrative services, not to exceed $100,000 per year.
2. Authorize Chair to execute agreement.
3. Effective July 1, 2018, appoint Ann DuBay as Administrator and Secretary of the Agency.

Vote Required

This item requires a majority vote of the Directors representing the non-contracting members (i.e. the Directors representing all entities other than the Sonoma County Water Agency).

List of Attachments

None.

Contact

Valerie Quinto, Interim Administrator, 707-569-1448 x102, vminton@sonomarcd.org
Petaluma Valley Groundwater Sustainability Agency

Action Item

TO: Board of Directors
FROM: Valerie Quinto, Interim Administrator
SUBJECT: Agency policies

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

Background

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

Purchasing Policy:

The proposed purchasing policy:

- Designates the Administrator as the Purchasing Agent;
- Requires Board approval to make purchases above $10,000 for unbudgeted purchases and above $50,000 for budgeted purchases (in compliance with GSA Bylaws);
- Requires a formal written agreement for services of any amount and for goods or supplies above $5,000;
- Requires a competitive process for non-professional services and goods above $10,000;
- Requires Board approval of any legal services;
- Allows for informal quotes for purchases between $10,000-$25,000 for services and goods, but requires a competitive bidding process for purchases above $25,000;
- Allows for specific exemptions from competitive procurement processes;
- Requires the GSA to comply with procedures in the Public Contract Code for public works projects over $10,000; and
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Meeting Date: June 21, 2018

- Provides GSA authority for getting rid of surplus property.

**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.

**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.

**Staff Recommendation**

Staff recommends the Board:

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

**Vote Required**

Majority.

**List of Attachments**

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

**Contact**

Valerie Quinto, Interim Administrator, 707-569-1448 x102, vminton@sonomarcd.org
Resolution No. PV-18-002

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

WHEREAS, the Petaluma 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 Petaluma, County of Sonoma, North Bay Water District, Sonoma County Water Agency, and Sonoma Resource Conservation District, each of which is a local agency as defined by "Sustainable Groundwater Management Act" at California Water Code Section 10720 et seq. ("SGMA"); and

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Petaluma 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 Petaluma Valley Groundwater Sustainability Agency held on June 21, 2018 by the following vote on roll call:

DIRECTORS:

ALTERNATES:


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

By: ____________________________________

David Rabbitt, Chairperson Petaluma Valley Groundwater Sustainability Agency

Attested by: ________________________________ Date: __________________

Valerie Quinto, Interim Administrator Petaluma Valley Groundwater Sustainability Agency
PETALUMA 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 Petaluma Valley Groundwater Sustainability Agency, a joint powers authority formed by the City of Petaluma, County of Sonoma, North Bay Water District, Sonoma County Water Agency, and Sonoma Resource Conservation District.

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

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

E. "Member Agencies" shall mean the members of the Agency, including the City of Petaluma, County of Sonoma, North Bay Water District, Sonoma County Water Agency, and Sonoma Resource Conservation 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 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. PV-18-003

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE PETALUMA 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 Petaluma 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;

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 Petaluma 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 Petaluma Valley Groundwater Sustainability Agency held on June 21, 2018 by the following vote on roll call:

DIRECTORS:


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

By: ____________________________________
   David Rabbitt, Chairperson Petaluma Valley Groundwater Sustainability Agency

Attested by: _______________________________ Date: __________________
   Valerie Quinto, Interim Administrator Petaluma Valley Groundwater Sustainability Agency
COUNTY OF SONOMA

STATEMENT OF INVESTMENT POLICY

Effective 01-10-17
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COUNTY OF SONOMA

STATEMENT OF INVESTMENT POLICY

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

1. POLICY STATEMENT

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

2. STANDARDS OF CARE

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

3. INVESTMENT OBJECTIVES

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

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

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

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

4. IMPLEMENTATION

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

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

5. PARTICIPANTS

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

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

6. AUTHORIZED PERSONS

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

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

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

8. Prohibited Investments

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

<table>
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<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 Reconstruction and Development, International Finance Corporation or Inter-American Development Bank (§53601 (q))</td>
<td>5 years</td>
<td>30</td>
<td>AA</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>
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<tr>
<td>Repurchase Agreements (See Section 12) (§53601 (j))</td>
<td>1 year</td>
<td>100</td>
<td>N/A</td>
</tr>
<tr>
<td>Reverse Repurchase Agreements and Securities 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 (o))</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) (§16429.1)</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>
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Revised 01/2017
10. **BANKERS’ ACCEPTANCE**

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

11. **COMMERCIAL PAPER**

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

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

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

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

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

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

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

14. **JOINT POWERS AGREEMENT**

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

Repurchase agreements executed with approved broker-dealers must be collateralized with either:

1. U.S. Treasuries or Agencies with a market value of 102% for collateral marked to market daily;
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 Fund.
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.

Revised 01/2017
In the event we are unable to conduct normal business operations, the investment staff shall interact with one another by home phone, cell phone, or e-mail to decide on an alternate location from which to conduct daily operations. If unable to contact one another, the investment staff shall establish contact with one another through the County Office of Emergency Services.
GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WEIGHTED AVERAGE MATURITY
The remaining average maturity of all securities held in a portfolio.
PETALUMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY
FIXED ASSET MANAGEMENT POLICY

I. PURPOSE

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

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

II. POLICY

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

III. OBJECTIVES

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

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

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

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

IV. PROCEDURES

A. Capitalization Definition and Threshold

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

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

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

B. Specific Capitalization Requirements

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

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

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

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

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

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

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

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

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

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

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

C. Recordkeeping

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

The Agency has defined useful lives by asset class:

<table>
<thead>
<tr>
<th>Asset 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>
</tbody>
</table>
Heavy Mobile Equipment       15 years
Communication Equipment      5 years
Furniture & Fixtures         5 years
Office Machines              5 years
Visual Aid                   5 years
Computers                    5 years
Other Assets                 5 years
Computer Software            5 years
Books                        10 years
Vehicles                     5 years
Trucks                       5 years

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

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

D. Safeguarding Fixed Assets

The Administrator or his or her designee is responsible for establishing and maintaining systems and procedures to properly safeguard assets to minimize risk of loss and/or misuse of the property. Controls include capital asset tagging and capital asset inventory controls. A certification inventory of all capital assets, including assets acquired with grant funds, is performed annually. This inventory is based on all capital assets placed in service.
TO: Board of Directors  
FROM: Ann DuBay, Outreach Coordinator  
SUBJECT: Agency seal/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 Santa Rosa Plain and Sonoma Valley GSAs to create a simple GSA logo to serve as a seal and to be superimposed on letterhead.

Background

Section 9.06 – Official Seal and Letterhead.

“The Board may adopt, and/or amend, an official seal and letterhead for the Agency 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 Petaluma Valley GSA logo, which is identical to those for the Santa Rosa Plain and Sonoma Valley GSAs, apart from a colored accent;
- A logo incorporating all three GSAs’ names and accent colors, which can be used when the three GSAs work together, such as on joint press releases; and
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- A web-friendly, horizontal version of each logo.

Logos

Type of Vote Required
Simple majority

Fiscal Information
None.

Staff Recommendation
Approve seal/logo as presented.

List of Attachments
None.

Contact
Ann DuBay, GSA Outreach Coordinator, 707-524-8378, ann.dubay@scwa.ca.gov
Petaluma Valley Groundwater Sustainability Agency

Action Item

TO: Board of Directors
FROM: Valerie Quinto, Interim Administrator
SUBJECT: Schedule for Fiscal Year 18-19 Board meetings

Summary: Schedule of regular board meetings for the period from July 2018 through June 2019.

Background

At its June 2017 meeting, the Board approved a schedule of meetings through the end of 2018. As the remaining 2018 meetings stand, they would occur in off-months from the other two Sonoma County GSAs (e.g. Petaluma would have a meeting in July, while the other two GSAs would have a meeting in August). Based on the first year of experience operating the three GSAs, staff have determined that it is administratively simpler to hold meetings of all GSAs in the same month.

The Petaluma Valley GSA’s regularly-scheduled meeting day is the fourth Thursday of the month, at 4:00 pm. Consistent with this regular meeting day (with one exception noted below), staff recommends that the Board cancel the meetings previously scheduled for 2018, and set the following meeting schedule for the 2018-19 fiscal year:

- August 23rd
- October 25th
- December 20th (moved up one week due to Christmas)
- February 28th
- April 25th
- June 27th

Fiscal Information

N/A

Staff Recommendation
1. Approve the meeting schedule as presented.

**Vote Required**

Majority.

**List of Attachments**

None.

**Contact**

Valerie Quinto, Interim Administrator, 707-569-1448 x102, vminton@sonomarcd.org
Petaluma Valley Groundwater Sustainability Agency
Report Item

TO: Board of Directors
FROM: Valerie Quinto, Interim Administrator
SUBJECT: Administrator Report

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

Background

Milestones since last meeting:
  – Continued work on fee/rate study
  – Conducted two Advisory Committee meetings
  – Worked with General Counsel on Agency policies for Board adoption
  – Submitted budget for FY 18-19 and COI code to County
  – Significant inter-basin coordination took place amongst the Interim Administrators, Plan Manager, and various Member Agency staff.

Upcoming activity highlights:
  – Continue fee/rate study process
  – Ongoing Advisory Committee meetings
  – Seek proposals for audit services
  – Contractual negotiations and execution as directed by Board at this meeting

All of the above items have been and will continue to be carried out in coordination with Member Agency staff and with other Sonoma County GSAs.

Type of vote required
None.

Fiscal Information
All of the planned activities are included in the Agency’s FY 17/18 budget.
Staff Recommendation
None.

List of Attachments
None.

Contact
Valerie Quinto, Interim Administrator, 707-569-1448 x102, vminton@sonomarcd.org