

SACRAMENTO CENTRAL GROUNDWATER AUTHORITY
CALIFORNIA

5a

For the Agenda of:
May 14, 2008

APPROVED
BOARD OF DIRECTORS

Date 5/14/08

By *Aaron Andrews*
Clerk of the Board

To: Board of Directors
Sacramento Central Groundwater Authority

From: Staff

Subject: Addition Of Paragraph (g) To Chapter 5, Article 1, Section 5.01 – Budget Reserve
Policy Of Sacramento Central Groundwater Authority's Rules Of Procedure

Contact: Darrell Eck, Executive Director, 874-5039

Overview

The Joint Powers Agreement (JPA) provides for the adoption of rules and regulations for the conduct of the Authority's affairs. Chapter 5, Article 1, Section 5.01 of the Rules of Procedure as amended by the Board on December 13, 2006 needs to be modified to include budget reserve policy language. Requests for payment of contributions to fund upcoming fiscal year program activities are sent out after approval of the budget by the Board. Receipt of these contributions generally occur over a two month period following the beginning of the new fiscal year. This policy provides a means for the Authority to fund program activities until sufficient funds are available through the payment of contributions within this two month period.

Recommendation

Staff recommends that the Board add Paragraph (g) to Chapter 5, Article 1, Section 5.01 of SCGA's Rules of Procedure adopted on December 13, 2006.

BACKGROUND:

On August 29, 2006 the Sacramento Central Groundwater Authority was formed through a Joint Powers Agreement (Agreement) between the City of Elk Grove, the City of Folsom, the City of Rancho Cordova, the City of Sacramento and the County of Sacramento. Section 24 of the Agreement provides for the adoption of rules and regulations for the conduct of the Authority's affairs.

On December 13, 2006 the Board adopted Rules of Procedure for the Sacramento Central Groundwater Authority.

DISCUSSION:

During the May 5, 2008 Budget Subcommittee meeting the subcommittee members discussed the need for the Authority to establish a Budget Reserve Policy. This policy is necessary because there is a lag time between the beginning of the fiscal year and when funding is available based on the payment of annual contributions. This lag time can be up to two months, during which no funds are available to pay for SCGA program activities. The subcommittee recommended that a minimum twenty (20) percent budget reserve be established based on the proposed budget of the upcoming fiscal year. The reserve will be taken from the prior year's fund balance.

Staff recommends the Board add Paragraph (g) to Chapter 5, Article 1, Section 5.01 of the Rules of Procedure establishing a budget reserve policy.

Attachments: Rules of Procedure, Chapter 5, Article 1, Section 5.01

cc: Ted Thatcher, Susan Purdin – Sacramento County DWR

SACRAMENTO CENTRAL GROUNDWATER AUTHORITY POLICIES AND PROCEDURES MANUAL

Policy Type : Board of Directors
Policy Title : Rules of Procedure
Policy Number : 100.1
Date Adopted : December 13, 2006
Date Amended : May 14, 2008

See attached SCGA Rules of Procedure.

**CHAPTER 5.
FINANCE**

**ARTICLE 1.
BUDGET**

§ 5.01 Establishment of Budget

- (a) Prior to the commencement of each fiscal year, the Board shall adopt a budget for the Authority for the ensuing fiscal year.
- (b) The Executive Director shall present to the Board a proposed budget no later than the last regularly scheduled meeting before the commencement of the ensuing fiscal year.
- (c) The Board shall direct that a copy of the budget be filed with the Controller within a reasonable time after adoption.
- (d) The Executive Director shall recommend modifications of the budget to the Board if the approved budget is inadequate due to events occurring subsequent to the approval of the budget. The Board shall consider the recommended modifications and shall vote to adopt the amended budget as it deems appropriate. The amended budget shall be filed with the Controller within a reasonable time after adoption.
- (e) The Executive Director shall implement the budgets and amended budgets approved by the Board. Expenditures of the Authority shall be made in accordance with the procedures set forth in Article 3 of this Chapter.
- (f) The fiscal year for the Authority is July 1 through June 30.
- (g) The Board shall maintain a reserve for operation expenses at a minimum of twenty (20) percent of the projected annual expenditures. Said reserve will be taken from the prior year fund balance and shall be used to meet Authority operating expenses until contributions as set forth in Article 2 of this Chapter have been received.

**ARTICLE 2.
ASSESSMENTS, FEES, AND CHARGES**

§ 5.21 General

Assessments, fees and charges shall be approved, levied, collected and spent consistent with these Rules and all applicable laws and constitutional limitations.

§ 5.22 Adoption of Assessments, Fees and Charges

- (a) The Board shall establish assessments, fees, and/or charges sufficient to recover the costs of services provided by the Authority. Assessments, fees, and charges shall not exceed the reasonable cost of the services provided.

- (b) The Board shall conduct at least one public meeting and one public hearing prior to adopting or increasing an assessment, fee, or charge. Notice of the meeting and hearing shall be provided as specified in these Rules of Procedure and as required by law.
- (c) Prior to adopting or increasing an assessment, fee, or charge, the Board shall make a finding that the proposed assessment, fee, or charge is reasonable in relation to the services provided and the costs of those services. The finding shall be adopted by resolution of the Board.
- (d) The Board shall review its assessments, fees, or charges annually, and shall modify such assessments, fees and charges consistent with the findings made in the Board's annual review.
- (e) The Authority shall be initially funded as follows:
 - (1) An annual contribution by the Cities of Elk Grove, Folsom, Rancho Cordova and Sacramento and the County of Sacramento in the amount of ten thousand dollars (\$10,000.00) each. (These entities shall not be required to pay any additional fee or assessment, such as that described in subsection (e)(2) below.)
 - (2) An annual contribution by each of those water purveyors represented on the Board, other than those listed in subsection (e)(1) above, that purvey surface water in the amount of six thousand dollars (\$6,000.00).
 - (3) An annual contribution by each of those water purveyors represented on the Board, other than those entities listed in subsection (e)(1) above, that utilize groundwater, calculated at the rate of two dollars and seven cents (\$2.07) per acre foot of groundwater pumped from the basin, averaged over the three (3) previous years and excluding the first five thousand (5000) acre feet pumped in each of those years.
 - (4) An annual contribution by agriculture computed at twenty five percent (25 %) of the estimated annual pumping (as determined by the Sacramento County Water Agency) at the rate of two dollars and seven cents (\$2.07) per acre foot and paid out of Sacramento County Water Agency (SCWA) Zone 13 funds.
 - (5) An annual contribution by agricultural/residential groundwater users computed at twenty five percent (25%) of the estimated annual pumping (as determined by SCWA) at the rate of two dollars and seven cents (\$2.07) per acre foot and paid out of SCWA Zone 13 funds.
 - (6) All annual funds shall be paid by July 1 of each year, commencing on July 1, 2006. The annual fee for the first year after the effective date of the JPA shall be prorated from the last signatory approval establishing the Authority.
- (f) The Board of the Authority may, at its discretion, adjust the funding contributions set forth in subsection (e) above, subject to compliance with the voting requirements prescribed in section 3.13 subsection (d) above.

§ 5.23 Adoption of Assessments, Fees and Charges for Water Costs

- (a) The Board shall establish, approve, levy, and collect assessments, fees and/or charges for Water Costs incurred by the Authority. Consistent with applicable law and constitutional limitations, the Board may establish, as it deems

appropriate, specific formulas, categories and/or rates applicable to such assessments, fees or charges.

- (b) Consistent with applicable law, constitutional limitations, and the Joint Powers Agreement, the Board may establish specific formulas, categories and/or rates for setting assessments, fees or charges necessary to create incentives and disincentives for the use or non-use of the groundwater resources within the boundaries of the Authority.

§ 5.24 Variances from Assessments, Fees and Charges by the Authority

In its discretion, and consistent with applicable law and constitutional limitations, the Board may establish procedures and criteria for issuing variances from assessments, fees and charges levied by the Authority.

§ 5.25 Challenges to Assessments, Fees and Charges by the Authority

In its discretion, and consistent with applicable law and constitutional limitations, the Board may establish procedures and administrative remedies governing challenges to assessments, fees and charges imposed and levied by the Authority.

**ARTICLE 3.
PURCHASING AND EXPENDITURES**

§ 5.31 Deposits

- (a) The Authority shall establish one or more deposit accounts with State or national banks or savings associations upon such terms and conditions as may be agreed upon. The Chair and Treasurer shall establish or cause to be established such accounts in the name of the Authority for general fund expenditures.
- (b) Upon maturity, investments shall be deposited into the Authority's checking or savings accounts on the approval of either the Chair or the Treasurer.

§ 5.32 Safety Deposit Boxes

The Executive Director may obtain safety deposit boxes at State or national banks or savings associations for use of the Authority.

§ 5.33 Petty Cash Account

The Chair and Treasurer may create and the Authority may maintain a fund, known as the petty cash account, in an amount to be recommended by the Executive Director and approved by the Board. If a petty cash account is created, the Executive Director shall report to the Board on disbursements from the petty cash account.

§ 5.34 Revolving Account

- (a) The Chair and Treasurer shall create and the Authority shall maintain a fund, known as the “revolving account”, in an amount to be recommended by the Executive Director and approved by the Board. Withdrawals from the revolving account shall be made upon the signature of the Executive Director without prior Board approval. The revolving account may be used for the payment of:
 - (1) payroll;
 - (2) Public Employees Retirement System payments;
 - (3) payroll withholding taxes;
 - (4) insurance premiums and benefits;
 - (5) deferred compensation payments;
 - (6) Social Security payments;
 - (7) other payroll credit union deductions; and
 - (8) Other payments necessary to fulfill contractual and other SCGA obligations, consistent with the approved budget.
- (b) The revolving account may also be used to make emergency expenditures. Withdrawals from the revolving account shall be made upon the signature of the Chair of the Board or the Executive Director without prior Board approval.
- (c) The Executive Director shall report to the Board on all disbursements from the revolving account.

§ 5.35 Accounting Practices

- (a) The Authority shall maintain books of account in accordance with generally accepted accounting practices as promulgated by the governmental accounting standards board, showing the status of monies received and disbursed.
- (b) Funds and accounts shall be maintained as necessary to accomplish this purpose, as follows:
 - (1) General (may be used for any lawful purpose):
 - (i) Petty cash;
 - (ii) Revolving; and
 - (iii) Other.
 - (2) Special (may be used for specific purposes):
 - (i) Tax, assessment, fee, charge, or grant proceeds.

§ 5.36 Check Register

- (a) A check register showing the check number, payee, amount, the fund upon which it is drawn, and the purpose of each check shall be maintained by the Treasurer, and shall be available for inspection by the Board at regular Board meetings. Invoices and other supporting documents will be available with the checks at the meetings for inspection by any Director.
- (b) Checks to pay for items and services approved by the Board in the Authority’s annual budget, emergencies, and invoices subject to discount and inter-fund transfers may be disbursed prior to Board approval if such amounts are included in the budget approved by the Board. Such items shall be set forth on the check

register and made available for inspection by the Board at its regular Board meeting.

- (c) Checks drawn to pay demands which have been approved by the Board shall be signed by the Executive Director or the Chair.

§ 5.37 Other

- (a) Transactions described herein, including opening or closing checking accounts, shall be accomplished by the designated officer in the name of the Authority. Action by the Board is required for each transaction unless otherwise indicated in other sections of this Chapter. Withdrawals shall be supported by receipts indicating the purpose of the withdrawal, the amount, and the employee responsible for the withdrawal.
- (b) An officer may receive non-negotiable instruments on behalf of the Authority but such instruments shall be forthwith remitted to the Treasurer for handling.