

**RULES OF PROCEDURE GOVERNING THE
SACRAMENTO GROUNDWATER AUTHORITY**

**CHAPTER 1.
ADOPTION AND SCOPE OF RULES OF PROCEDURE**

**ARTICLE 1.
SCOPE AND PURPOSE**

§ 1.01 Scope and Purpose of Authority

- (a) These Rules of Procedure govern the administration and management of the Sacramento Groundwater Authority in furtherance of the objectives and purposes set forth in the Joint Powers Agreement between and among the City of Citrus Heights, the City of Folsom, the City of Sacramento, and the County of Sacramento.
- (b) The Sacramento Groundwater Authority is established for the purposes of:
 - (1) maintaining the long-term sustainable groundwater yield of the North Area Basin;
 - (2) managing the use of groundwater in the North Area Basin and facilitating implementation of an appropriate Conjunctive Use program by water purveyors;
 - (3) coordinating efforts among those entities represented on the Board of Directors of the Authority to devise and implement strategies to safeguard groundwater quality; and
 - (4) working collaboratively with other entities, including groundwater management authorities that may be formed in other areas of the County of Sacramento and adjacent political jurisdictions, to promote the coordination of policies and activities throughout the region.

§ 1.02 Boundaries of the Authority

- (a) The boundaries of the Authority shall be:
 - (1) north of the American River to the Sacramento County line;
 - (2) bounded on the south by the American River;
 - (3) bounded on the west by the Sacramento River;
 - (4) bounded on the north and east by the Sacramento County line;
 - (5) and shall include the City of Folsom.
- (b) The boundaries of the Authority shall be amended or changed only by amendment to the Joint Powers Agreement.

ARTICLE 2.
CONSTRUCTION OF RULES OF PROCEDURE

§ 1.21 Scope of Rules of Procedure

- (a) Unless these Rules specifically or by context indicate to the contrary, the general provisions and definitions set forth in this Chapter govern the construction of these Rules.
- (b) When these Rules refer to an officer, employee, or other function, such references shall be to the appropriate or designated officer, employee, or function of the Authority.
- (c) Chapter and section headings in these Rules shall not govern, limit or modify the scope, meaning, or intent of these Rules.
- (d) Nothing in these Rules is intended to alter, amend or otherwise change any provision of the Joint Powers Agreement between and among the City of Citrus Heights, the City of Folsom, the City of Sacramento, and the County of Sacramento. In any instance where there is a conflict between the Joint Powers Agreement, as it may be amended, and these Rules, the provisions of the Joint Powers Agreement shall govern.

§ 1.22 Severability

In the event that any Chapter, section, subsection, sentence, clause or phrase of these Rules are held invalid or unconstitutional, such determination shall not affect the validity of the remaining portions of these Rules.

§ 1.23 Definitions

As used in these Rules, the following terms are defined as follows:

- (a) "Administrative Costs" refers to all costs and expenses of the Authority related to the administration and management of the Authority, excluding "Water Costs" as defined in this section.
- (b) "Agricultural Interests" refers to all persons or entities that pump groundwater within the boundaries of the Authority for agricultural purposes, other than a Retail Provider, and that are represented on the Board by the agricultural representative appointed by the Sacramento County Board of Supervisors. The Board shall establish by resolution a minimum quantity of water that must be produced annually by such agricultural pumpers to qualify as an "Agricultural Interest" under these Rules and the Joint Powers Agreement.
- (c) "Appointing Authority" refers to the individual signatory party responsible for appointing a specific member to the Board, as set forth in section 3.04(a) of these Rules.
- (d) "Authority" refers to the Sacramento Groundwater Authority.
- (e) "Board" refers to the governing Board of Directors of the Sacramento Groundwater Authority.

- (f) "Commercial/Industrial Self-Supplied Water Users" refers to all persons or entities that pump groundwater within the boundaries of the Authority for commercial and industrial purposes, other than a Retail Provider, and that are represented on the Board by the Commercial/Industrial Self-Supplied Water User representative appointed by the City of Sacramento. The Board shall establish by resolution a minimum quantity of water that must be produced annually by such commercial/industrial self-supplied pumpers in order to qualify as a "Commercial/Industrial Self-Supplied Water User" under these Rules and the Joint Powers Agreement.
- (g) "Conjunctive Use" refers to the planned management and use of both groundwater and surface water resources in order to maintain the Sustainable Yield of the North Area Basin.
- (h) "Director" or "Directors" refer to individuals or groups of individuals comprising the membership of the Board of the Authority.
- (i) "Financing Plan for the Administrative Budget" refers to the revenue-generating plan annually adopted by the Board to finance the Authority's administrative budget. The financing plan shall include the levy of assessments, fees and charges, or any combination thereof, as well as any other revenue-generating devices, including voluntary contributions from water users or purveyors within the Authority's boundaries.
- (j) "Groundwater Management Element" refers to the terms and provisions of the document jointly developed in August, 1998 by the Sacramento Metropolitan Water Authority Groundwater Committee and the Sacramento Water Forum Groundwater Negotiation Team. The Sacramento Metropolitan Water Authority was the predecessor to the Regional Water Authority.
- (k) "Groundwater Management Plan" refers to the document adopted by the Board which sets forth the Authority's plan to manage groundwater quantity and quality in the North Area Basin. The Groundwater Management Plan may include various components, such as Conjunctive Use and regulatory components.
- (l) "Joint Powers Agreement" refers to the Joint Powers Agreement, as it may be modified or amended, between and among the County of Sacramento, City of Sacramento, City of Citrus Heights, and City of Folsom establishing the Sacramento Groundwater Authority.
- (m) "North Area Basin" refers to the groundwater basin underlying the area within the boundaries of the Authority.
- (n) "Regional Water Authority" or "RWA" refers to that certain entity that was created pursuant to the Joint Exercise of Powers Act (Government Code § 6500, et seq.) on July 1, 2001, whose mission is to serve and represent the regional water supply interests, and to assist its members in protecting and enhancing the reliability, availability, affordability, and quality of water resources in the Sacramento region. The Regional Water Authority is the successor to the Sacramento Metropolitan Water Authority.
- (o) "Retail Provider" refers to established water purveyors within the boundaries of the Authority that sell water on a retail basis and that are represented on the Board by an elected member of their respective governing bodies, as set forth in Section 3.02(b)(1) and (2) of these Rules.

- (p) "Rules" refers to these Rules of Procedure, as may be amended, supplemented or changed.
- (q) "Signatory Parties" refer to the County of Sacramento, City of Sacramento, City of Citrus Heights, and City of Folsom, each of which executed the Joint Powers Agreement establishing the Authority.
- (r) "Sustainable Yield" refers to the amount of groundwater which can be safely extracted from the North Area Basin on an estimated average annual basis while maintaining groundwater elevations and groundwater quality at acceptable levels as set forth in the Groundwater Management Element. Sustainable Yield requires a balance between extraction and basin recharge and is expressed as the number of acre feet of groundwater which can be extracted from the North Area Basin on an average annual basis as set forth in the Groundwater Management Element.
- (s) "Water Costs" refer to costs or expenses incurred by the Authority for the purposes of:
 - (1) purchasing or otherwise acquiring water;
 - (2) pumping and treatment costs; and
 - (3) other costs related to a Conjunctive Use program.

§ 1.24 Maintenance of Rules

A copy of these Rules shall be maintained in the clerk's office of the Sacramento Groundwater Authority, the City of Citrus Heights, the City of Folsom, the City of Sacramento, and the County of Sacramento. The Rules shall be available for inspection by any person during normal business hours, and copies shall be provided to any person requesting the same, upon payment of reasonable copying costs.

§ 1.25 Changes to Rules

- (a) At its discretion, and consistent with applicable law, the Board of Directors of the Sacramento Groundwater Authority may adopt, amend, supplement or repeal these Rules of Procedure from time to time as it deems appropriate.
- (b) Each resolution making a change to these Rules of Procedure shall be filed as set forth in section 1.24, and shall be properly indexed and attached to the existing set of Rules. Such changes shall be specified by resolution number and date in which the resolution was adopted. The Board may require from time to time that these Rules be updated to reflect such changes.

**CHAPTER 2.
PRELIMINARY MATTERS**

§ 2.01 Termination of the Authority

- (a) The Authority shall remain in effect until terminated by one of the Signatory Parties thereto. The Authority may be terminated by any of the Signatory Parties at any time and for any reason by providing ninety (90) days written notice of termination to the other parties.

- (b) In the event of termination of the Authority where there is established a successor public entity which will carry on the functions of the Authority and assume its assets, the assets of the Authority shall be transferred to the successor public entity. If there is no successor public entity to carry on the functions of the Authority and assume its assets, the assets shall be returned to the Joint Powers Authority signatories in proportion to the contribution of each party during the existence of the Authority. If there is a successor public entity which will carry on some, but not all, of the functions of the Authority and assume some, but not all, of its assets, the assets of the Authority shall be allocated by the Board between the successor public entity and the Joint Powers Authority signatories.

§ 2.02 Liabilities

The debts, liabilities and obligations of the Authority shall be the debts, liabilities and obligations of the Authority alone, and neither the Signatory Parties, nor any other entity, party, or person shall be subject to or accountable for the debts, liabilities or obligations of the Authority.

§ 2.03 Conflicts of interest

- (a) The model Conflicts of Interest Code of the Fair Political Practices Commission, found in Title 2, section 18730 of the California Code of Regulations, as from time to time amended, is adopted by the Authority.
- (b) The conflicts of interest categories established by the Fair Political Practices Commission, as from time to time amended, are adopted by the Authority.

§ 2.04 Pending litigation in which Director has an adverse interest

- (a) A Director shall remove himself or herself from the meeting room, and shall not be allowed to participate in any closed session meeting, if:
 - (1) the closed session meeting is authorized pursuant to Brown Act, California Government Code section 54956.9;
 - (2) the Director is a party, or a representative of a party, that is or may be adverse to the Authority in pending litigation involving the Authority;
 - (3) the closed session meeting is being conducted to discuss the pending litigation in which the Director is a party, or a representative of a party; and
 - (4) the Director's presence at the meeting would prejudice the Authority in the pending litigation.
- (b) As used in subsection (a) of this section, a "representative of a party" shall include any Director who is an officer, employee, or member of a governing body, or who is otherwise acting on behalf of a party that is adverse to the Authority in pending litigation.
- (c) As used in subsection (a) of this section, "litigation" shall include any adjudicatory proceeding, including eminent domain, before a court, administrative body exercising its adjudicatory authority, hearing officer, or arbitrator. Litigation shall be deemed "pending" for purposes of subsection (a) of this section when any of the following circumstances exist:

- (1) litigation, to which the Authority is a party, has been initiated formally;
 - (2) a point has been reached where, in the opinion of the Board on the advice of legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the local agency;
 - (3) based on existing facts and circumstances, the Board is meeting only to decide whether a closed session is authorized pursuant to paragraph (2) of this subsection; or
 - (4) based on existing facts and circumstances, the legislative body of the local agency has decided to initiate or is deciding to initiate litigation.
- (d) Prior to commencement of a closed session meeting authorized pursuant to California Government Code section 54956.9, legal counsel shall advise the Directors as to whether this section is applicable to any Director.

**CHAPTER 3.
BOARD OF DIRECTORS**

§ 3.01 General

- (a) The Board shall establish policies and determine whether the Executive Director is implementing those and other policies of the Authority. The Executive Director is responsible for the day-to-day management and operation of the Authority.
- (b) The Board and any individual Director may communicate with the Executive Director about the development and implementation of Authority policy.
- (c) The Board and any individual Director are discouraged from communicating directly with any employee. Such communications shall be made through the Executive Director.

§ 3.02 Composition of the Board

- (a) The governing body of the Authority is the Board of Directors.
- (b) The Board shall consist of sixteen (16) members, and shall be comprised as follows:
 - (1) One (1) elected member of the governing board, or designee thereof, of each of the following public agencies:
 - (i) the City of Folsom,
 - (ii) the City of Sacramento, and
 - (iii) the Sacramento County Water Agency
 - (2) One (1) elected member of the governing board of each of the following public agencies:
 - (i) the Carmichael Water District,
 - (ii) the Citrus Heights Water District,
 - (iii) the Del Paso Manor Water District,
 - (iv) the Fair Oaks Water District,
 - (v) the Rio Linda/ Elverta Community Water District,
 - (vi) the San Juan Water District, and
 - (vii) Sacramento Suburban Water District

- (3) One (1) member of the governing body, or designee thereof, of each of the following private water purveyors or investor owned utilities:
 - (i) the Arden Cordova Water Company;
 - (ii) California American Water Company;
 - (iii) the Natomas Central Mutual Water Company; and
 - (iv) the Orange Vale Water Company.
- (4) One (1) representative of the Agricultural Interests within the boundaries of the Authority;
- (5) One (1) representative of Commercial/Industrial Self-Supplied Water Users within the boundaries of the Authority.

§ 3.03 Adjustment to Composition of the Board

- (a) With the exception of the City of Folsom, the City of Sacramento, and the County of Sacramento, membership on the Board shall be limited to public and private water purveyors, investor owned utilities and groundwater rights holders within the boundaries of the Authority.
- (b) Notwithstanding subsection (a) of this section, should circumstances change in the future, the signatories to the Joint Powers Agreement may agree to amend the Joint Powers Agreement and these Rules for the purpose of adding or deleting representatives to the Board to accurately reflect groundwater production within the boundaries of the Authority.

§ 3.04 Appointment of Members of the Board

- (a) The members of the governing Board of Directors of the Authority shall be appointed as follows:
 - (1) The City of Folsom representative shall be appointed by the Folsom City Council.
 - (2) The agricultural representative shall be appointed by the Sacramento County Board of Supervisors. The individual appointed as the agricultural representative need not be an "Agricultural Interest" as defined in these Rules.
 - (3) The representative of the Commercial/Industrial Self-Supplied Water Users shall be appointed by the Sacramento City Council. The individual appointed as the Commercial/Industrial Self-Supplied Water Users representative need not be a "Commercial/Industrial Self-Supplied Water User" as defined in these Rules.
 - (4) The Citrus Heights City Council shall appoint the representative of the Citrus Heights Water District.
 - (5) The Sacramento City Council shall appoint the representatives of the following entities:
 - (i) the Arden Cordova Water Company,
 - (ii) California American Water Company,
 - (iii) the City of Sacramento,
 - (iv) the Del Paso Manor Water District,
 - (v) the Natomas Central Mutual Water Company, and

- (vi) the Sacramento Suburban Water District.
- (6) The Sacramento County Board of Supervisors shall appoint the representatives of the following entities:
 - (i) the Carmichael Water District,
 - (ii) the Fair Oaks Water District,
 - (iii) the Orange Vale Water Company,
 - (iv) the Rio Linda/ Elverta Community Water District,
 - (v) the San Juan Water District, and
 - (vi) the Sacramento County Water Agency.
- (b) In addition to appointments made pursuant to subsection (a) of this section, the appropriate Appointing Authority also shall appoint one or more persons with the required qualifications to serve as alternates for each member of the Board. Such alternates shall be empowered to cast votes in the absence of the regular members or in the event of a conflict of interest preventing the regular member from voting.
- (c) Prior to appointment of the representatives of the entities described in Sections 3.04(a)(5) and (6), the represented entities shall submit a recommended appointment for their representatives to their appropriate Appointing Authority. The Appointing Authority shall consider such recommendations, but shall retain the absolute discretion and authority to appoint any person satisfying the criteria set forth in Section 3.02(b) hereof.

§ 3.05 Term of Office

- (a) The term of office of each member of the Board shall be for a period of four (4) calendar years, with the exception of the initial term of the representatives appointed by the City of Folsom and the City of Sacramento. For the purpose of providing staggered terms of office, the initial term of office of the representatives appointed by the City of Folsom and the City of Sacramento shall be for a period of two (2) calendar years. Thereafter, the term of office of each representative appointed by the City of Folsom and the City of Sacramento shall be for a period of four (4) years.
- (b) Each member of the Board shall serve at the pleasure of their respective Appointing Authority and may be removed as a member of the Board by the Appointing Authority at any time.
- (c) If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the unexpired term of the previous representative pursuant to the provisions set forth in section 3.04 hereof within ninety (90) days of the date that such position becomes vacant. A position on the Board shall be deemed vacant upon the occurrence of any event that prevents a Director from satisfying the qualifications of Directors as set forth in section 3.02.

§ 3.06 Organization of the Board

- (a) The Board of Directors shall elect a Chair and a Vice Chair, and may elect such other officers as the Board shall find appropriate. The Chair shall preside over meetings of the Board, and in the Chair's absence, the Vice Chair shall preside. Board officers shall serve for a term of one (1) calendar year unless sooner

terminated at the pleasure of the Board. If, for any reason, an officer is appointed after the commencement of a calendar year, the term of office shall expire at the end of the calendar year. Elections for Chair and Vice Chair shall be conducted not later than the last regularly scheduled meeting which precedes the calendar year for which the appointments are made. Nothing in these rules shall preclude an officer from serving more than one term, if so appointed pursuant to these Rules.

- (b) The Chair may create committees when appropriate to aid in the efficient management of the Authority. The Chair shall appoint the Board members to serve on a committee and shall designate the specific task or tasks of the committee. The Chair may also appoint other persons, who are not Board members, to serve on committees, when such appointments would be beneficial to the completion of the task or tasks of the committee. The Chair's appointments shall be final absent an objection from a majority of the Board. In the event of such an objection, an appointment or appointments by a majority of the Board shall be necessary to complete the membership of a committee, to create a committee, or to disband a committee.
- (c) All established committees shall be ad hoc, and shall meet as directed or approved by the Chair. Committees shall not be required to meet pursuant to a regular schedule unless otherwise directed by the Chair.
- (d) In no event shall any committee be comprised of a number of Board members equal to or greater than that number which constitutes a quorum of the entire Board.

§ 3.07 Powers and functions of the Board

- (a) Subject to the limitations set forth in section 3.08, the Authority shall have any and all powers commonly held by the County of Sacramento, City of Sacramento, City of Citrus Heights, and City of Folsom, including, but not limited to, the following powers to:
 - (1) Collect, monitor, and analyze data on the extraction of groundwater from, and the quality of groundwater in, the North Area Basin;
 - (2) Establish and implement a Conjunctive Use program for the purpose of maintaining the Sustainable Yield in the North Area Basin;
 - (3) Buy and sell water on other than a retail basis;
 - (4) Exchange water;
 - (5) Distribute water in exchange for ceasing or reducing groundwater extractions;
 - (6) Spread, sink and inject water into the North Area Basin;
 - (7) Store, transport, recapture, recycle, purify, treat or otherwise manage and control water for the beneficial use of persons and property within the Authority;
 - (8) Implement any Groundwater Management Plan which the Authority deems necessary to maintain the Sustainable Yield in the North Area Basin; and
 - (9) Study and plan ways and means to implement any or all of the foregoing powers.

- (b) For the purposes of exercising the authority set forth in subsection (a) of this section, and subject to the limitations set forth in section 3.08, the Authority shall have the power to:
- (1) Sue and be sued in all actions and proceedings in all courts and tribunals;
 - (2) Adopt a seal and alter the seal at its discretion;
 - (3) Take by grant, purchase, gift, devise or lease, to hold use and enjoy, and to lease, convey or dispose of, real and personal property of every kind, within or without the boundaries of the Authority, necessary or convenient to the full exercise of its powers;
 - (4) For the common benefit of the Authority, recharge, inject or otherwise store water in underground basins or reservoirs within and outside the Authority, to appropriate water and acquire water rights within or outside the Authority, to import water into the Authority, and to conserve, or cause the conservation of, water within or outside the Authority;
 - (5) Exercise the right of eminent domain to take any property necessary to supply the Authority or any portion of it with replenishment water; provided that the right of eminent domain may not be exercised with respect to water and water rights, and may not be exercised with respect to any property owned or occupied by any of the parties hereto or the entities represented on the governing board of the Authority.
 - (6) Act jointly or cooperatively with the United States or any agency thereof, the state, or any county or agency thereof, or any political subdivision or district therein, including flood control districts, private and public corporations, and any person, so that the powers of the Authority may be fully and economically exercised.
 - (7) Cause taxes, assessments, fees or charges to be levied in accordance with applicable State law, and in a manner consistent with the Groundwater Management Element, to accomplish the purposes of the Authority.
 - (8) Require the permitting of groundwater extraction facilities within the boundaries of the Authority, to maintain a record of extraction with respect to any such facilities, and to require the installation of meters or other measuring devices acceptable to the Authority on groundwater extraction facilities for the purpose of determining the amount of groundwater being extracted from the North Area Basin.
 - (9) Make contracts, employ labor and to do all acts necessary for the full exercise of the Authority's powers, including contracting as necessary with the Regional Water Authority for goods, services, and other functions which the Board deems necessary or desirable for the efficient management of the Authority.
 - (10) Carry on technical and other investigations of all kinds necessary to further the purposes of the Authority.
 - (11) Fix rates at which water acquired by the Authority shall be sold for replenishment purposes, and to establish different rates for different classes of service or conditions of service, provided that the rates shall be uniform for like classes and conditions of service.

- (12) Participate in any contract under which producers may voluntarily agree to use surface water in lieu of groundwater, and to that end the Authority may become a party to the contract and pay from Authority funds that portion of the cost of the surface water as will encourage the purchase and use of that water in lieu of groundwater pumping so long as persons or property within the boundaries of the Authority are directly or indirectly benefited by the resulting replenishment of the North Area Basin.
- (13) Apply for, accept and receive state, federal or local licenses, permits, grants, loans or other aid from any agency of the United States, the State of California, or other public or private entity necessary or appropriate for the Authority's full exercise of its powers.

§ 3.08 Limitation on powers and functions of the Board

- (a) The Authority shall not have the power to directly regulate land use or to engage in the retail sale of water and shall be prohibited from restricting or otherwise limiting the extraction of groundwater within the boundaries of the Authority, except by means of economic incentives and disincentives.
- (b) The Authority shall further be prohibited from funding any capital construction projects. In addition, prior to October 13, 2003, the Authority shall be prohibited from levying annual assessments, fees or charges to fund Water Cost payments that exceed an annual average charge during such five (5) year period of \$5.00 for each acre-foot of groundwater pumped from the North Area Basin during such five (5) year period. The maximum annual charge for any individual year during such five (5) year period shall not exceed \$10.00 for each acre-foot pumped. For purposes of this Section, Water Cost payments shall include the cost of water, pumping and treatment costs, and other costs related to any Conjunctive Use program administered by the Authority.

§ 3.09 Meetings of the Board

- (a) Except for closed session meetings, meetings of the Board shall be open and public, and any person shall be permitted to attend any portion of a meeting. Notwithstanding any provision in this Chapter, the Authority shall comply with the provisions of the Ralph M. Brown Act, Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the California Government Code, or with any successor provision.
- (b) Regular meetings of the Board shall be held on the second Thursday of every other month at the offices of the Authority or a suitable location within the SGA boundaries. If, by reason of emergency or other good cause, a meeting cannot be held as regularly scheduled, the Chair may re-schedule with due notice a meeting on an alternate date or time or at an alternate location.
- (c) Special meetings of the Board may be called by the Chair or a majority of the Board by delivering written notice to each Director, the Executive Director, Counsel, and to a local newspaper of general circulation. To the extent practicable, the Chair or a majority of the Board shall direct that actual notice be

given to known interested parties. In all cases, notice shall be given at least 24 hours prior to the time scheduled for the special meeting.

- (d) In the event of an emergency, as determined by the Chair or a majority of the Board, the Board may conduct a meeting without the 24 hour notice. In no event shall this meeting be a closed session meeting. To the extent practicable, the Chair, Vice-Chair, or majority of the Board shall direct that notice be given to known interested persons at least one hour prior to the emergency meeting.
- (e) Any meeting of the Board may be adjourned to a date, time and place specified in the order of adjournment.

§ 3.10 Closed Session Meetings

- (a) The Board shall comply in all respects with closed session requirements and procedures of the Ralph M. Brown Act, Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the California Government Code, or with any successor provision.
- (b) To the extent practicable, the Board shall avoid taking action in closed session. Action may be taken in closed session when necessary to avoid prejudice to the Authority. When the potential for prejudice does not exist, action taken in closed session shall be publicly announced at the same meeting as the closed session. If the action was taken by roll call vote, the vote shall be announced. A summary of action taken in closed session, when it is determined not to prejudice the Authority, shall be provided and submitted into the record at the next regular meeting.

§ 3.11 Meeting Agendas

- (a) The agenda for a regular meeting shall be posted at least 72 hours prior to the meeting. The agenda for an adjourned meeting shall be the same as the agenda for the meeting which was adjourned, if the scheduled meeting was not more than five (5) days prior to the adjourned meeting. A new agenda shall be prepared at least 72 hours prior to an adjourned meeting if additional matters are added to an adjourned meeting agenda, or if the adjourned meeting takes place more than five (5) days after the scheduled meeting. The agenda for a special meeting shall be posted at least 24 hours prior to the meeting.
- (b) The Board shall act on matters appearing on the agenda, and may act on emergency matters, as defined in California Government Code Section 54956.5, or on matters where there is a need to take action that has arisen subsequent to the posting of the agenda and that cannot reasonably wait for the next regularly scheduled meeting. Prior to acting on matters arising subsequent to the posting of the agenda, a two-thirds majority of the Board members present, or when less than two-thirds of the members are present, a unanimous vote of those members present, must determine that there is a need to consider the matter at the meeting. Prior to discussing any item, whether or not the item appears on the agenda, the Board shall publicly identify the item.

- (c) The Board shall receive public comments on matters not appearing on the agenda for regular meetings but shall not act on such matters unless the Board adds the matter to the agenda pursuant to subsection (b) of this section.

§ 3.12 Interruption of Meetings

The Chair or Vice Chair, after concurrence of a majority of the Board present, may order the meeting room cleared and continue the meeting in closed session if a meeting is willfully interrupted and the orderly conduct of the meeting becomes infeasible and order cannot be restored by the removal of the individual or individuals interrupting the meeting. In such cases, only matters appearing on the agenda may be considered in the resulting closed session meeting. Duly accredited representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend the session. At its discretion, the Board may establish a procedure for readmitting individuals not responsible for willfully disturbing the meeting.

§ 3.13 Voting Requirements

- (a) A majority of the members of the Board shall constitute a quorum for the purposes of transacting business, except that less than a quorum may vote to adjourn a meeting.
- (b)
 - (1) Each member of the Board shall have one vote. A majority vote of all members of the Board, including those members not present, is necessary to adopt a motion, resolution, or ordinance. For purposes of weighted votes required by subsections (c) and (d) of this Section, approval by a majority of all weighted votes, including the weighted votes of those members not present, is necessary to approve such matters.
 - (2) For purposes of tabulating votes, an abstention vote by a Board member shall be counted with the majority of votes cast, except when that Board member has abstained because of a conflict of interest, as set forth in the Authority's Conflict of Interest Code. When a Board member has abstained from a vote because of a conflict of interest, that Board member's vote shall not be counted for any purpose, including quorum purposes.
- (c) Fiscal items related to the **administrative costs** of the Authority shall require approval by a double majority consisting of the following: a majority vote of all members of the governing board and a majority vote weighted according to the financial contribution of each Retail Provider, Agricultural Interest, or Commercial/Industrial Self-Supplied Water User in relation to the total administrative budget for the last complete fiscal year. The weighted vote of each member of the governing board shall be established and fixed annually at the time the Financing Plan for the Administrative Budget is adopted, and shall remain in effect throughout the succeeding fiscal year and shall apply to all votes on fiscal items related to the administrative costs of the Authority.
- (d)
 - (1) Fiscal items related to the **water costs** of the Authority shall require approval by a double majority consisting of the following: a majority of all members of the governing board and a majority vote weighted on the basis of water production within the boundaries of the Authority during the previous calendar year. For purposes of this subsection only, "Water Production" means

the total amount of groundwater produced within the boundaries of the Authority by Retail Providers, Agricultural Interests, and Commercial/Industrial Self-Supplied Water Users for use within the boundaries of the Authority or other areas designated by the Board. Until such time that the Board of the Authority makes its annual determination and finding of Water Production, the calculation for the previous year shall be controlling for purposes of the double majority voting requirements set forth in this subsection.

(2) For purposes of this subsection only, the weighted votes of the individual Director representing Agricultural Interests and the individual Director representing Commercial/Industrial Self-Supplied Water Users shall be weighted on the basis of groundwater production by all such Interests and Users within the boundaries of the Authority, adjusted to reflect any differential rate that may be paid by a particular classification of water user upon express provision of the Board made at the time such assessments, fees or charges are approved.

(e) For purposes of the double majority voting requirements set forth in subsections (c) and (d) of this section, "Fiscal items" of the Authority shall be limited to matters relating to:

(1) Budget approvals, budget augmentations, or budget changes, when such approvals, augmentations or changes would affect the contribution of funding by any interest represented on the Board of the Authority; and

(2) The levy of assessments, fees, charges or any other revenue-generating mechanism or action utilized by the Board of the Authority to generate revenue from sources within the boundaries of the Authority, regardless of whether the payment of such levies is compulsory or voluntary.

(3) All other fiscal decisions by the Board of the Authority shall require a simple majority vote.

§ 3.14 Manner of Taking Action; motions, resolutions and ordinances

(a) The Board shall take action by motion, resolution or ordinance.

(b) Motions may be adopted by voice vote. Resolutions may be adopted by voice vote but on demand of any member of the Board, the roll shall be called. The roll shall be called for votes on adoption of ordinances.

(c) Motions and resolutions shall be effective when adopted unless a different effective date is stated.

(d) Proposed ordinances shall be introduced in writing, and shall contain a title which shall state in general terms the subject or subjects contained in the ordinance. Ordinances shall be read in full at the time of introduction except when reading by title only is approved by unanimous vote of the Directors present. Prior to adoption, the Board shall pass such ordinances for publication of title. At least five (5) days shall pass between the date the ordinance is passed for publication of title and the date the ordinance is adopted by the Board. The Executive Director or other designated official shall cause the title of such ordinances to be published at least once in a newspaper of general circulation published within the boundaries of the Authority no later than the third day preceding the adoption of the ordinance. Ordinances adopted pursuant to this subsection shall become

effective fifteen (15) days after the adoption, or at a later date if so specified in the ordinance.

(e) Notwithstanding subsection (d) of this section, the following ordinances shall take effect immediately:

- (1) Ordinances relating to an election;
- (2) Ordinances necessary for the immediate preservation of the public peace, health or safety containing a declaration of the facts constituting the emergency, if adopted by the affirmative vote of two-thirds of the Board; and

Such urgency ordinances may be passed immediately upon introduction and approval at a regular, adjourned regular, or special meeting.

(f) The Authority's Groundwater Management Plan shall be adopted by ordinance.

§ 3.15 Minutes

(a) The clerk, as appointed by the Board, shall cause to be kept minutes of all meetings of the Board, except closed session meetings. Within a reasonable time following any meeting other than a closed session meeting, the clerk shall cause a copy of the minutes to be forwarded to each member of the Board and to the clerk's offices for the County of Sacramento, the City of Sacramento, the City of Citrus Heights and the City of Folsom.

(b) The written minutes need not be a verbatim transcription, but shall at a minimum reflect the following:

- (1) Official actions taken by the Board;
- (2) Disposition of items appearing on the agenda;
- (3) The vote of each Director on action matters appearing on the agenda, or a description of the vote;
- (4) Statements requested by a Director or Directors to be included in the minutes when related to reasons for voting in a particular manner;
- (5) Matters requested by a Director or Directors to be included as an agenda item, and which was not placed on the agenda;
- (6) The number and title of ordinances and resolutions.

(c) The written minutes are not the official minutes until approved by the Board at a subsequent public meeting. Upon approval, the minutes shall be signed by the Chair, or in the event the Chair is not available, the Vice-Chair, and shall be attested to by the Clerk.

CHAPTER 4. OFFICERS AND EMPLOYEES

§ 4.01 General

(a) The Board of the Authority shall appoint an Executive Director and Legal Counsel, and may appoint, commission, employ, contract with, or retain contractors as the Board deems appropriate to carry out the administration and management of the Authority. The appointment of the Controller and Treasurer

shall be as set forth in section 4.03 of these Rules and in the Joint Powers Agreement.

- (b) All officers, the Executive Director, Legal Counsel, and contractors, except the Controller and Treasurer, shall serve at the pleasure of the Board.

§ 4.02 Executive Director

- (a) The Board of the Authority shall appoint an Executive Director who shall be responsible to the Board for the proper and efficient administration of the Authority as directed by the Board pursuant to the terms and provisions of the Joint Powers Agreement, these Rules, and any ordinance, resolution, order or motion of the Board.
- (b) In addition to other duties and authority which may be assigned by the Board, the Executive Director shall have the following authority:
 - (1) To plan, organize and direct all Authority activities, pursuant to the policy direction of the Board;
 - (2) To authorize expenditures within the designation and limitations of the budget approved by the Board;
 - (3) To make recommendations to and requests of the Board concerning any matter which is to be performed, done or carried out by the Board;
 - (4) To have the authority to appoint, discipline, assign , promote, and otherwise supervise and control the activities of any employees, contractors or agents which may be hired or retained by the Authority; and
 - (5) To have charge of, handle and have access to any property of the Authority;

§ 4.03 Controller and Treasurer

- (a) The Controller and Treasurer shall be appointed by the governing board of the Authority.
- (b) The Controller shall cause an independent annual audit of the Authority's finances to be made by a certified public accountant in compliance with California Government Code Section 6505. The Controller shall draw warrants to pay demands against the Authority when the demands have been approved by the Authority or by its authorized representative pursuant to any delegation of authority adopted by the Authority. The Controller shall comply strictly with the provisions of statutes relating to the duties found in Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the California Government Code.
- (c) The Treasurer shall be the depositor and shall have custody of all money of the Authority from whatever source. The Treasurer shall comply strictly with the provisions of statutes relating to the duties found in Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the California Government Code.

§ 4.04 Personnel Policy

The Board shall adopt a Personnel Policy for the administration and management of Authority employees and personnel.

§ 4.05 Clerk and Legal Counsel

- (a) The board shall appoint a clerk and Legal Counsel as it deems appropriate. The clerk and Legal Counsel serve at the pleasure of the Board.
- (b) Legal Counsel retained by the Board is directly accountable to the Board, and shall provide legal advice and services as requested by the Board, including legal advice to the Executive Director and other officers of the Authority. Legal Counsel retained by the Board represents the Authority, and shall not represent individual Directors, officers or employees unless authorized by the Board in writing.
- (c) The duties of the clerk shall be directed by the Board.

§ 4.06 Compensation

The compensation of officers, employees, agents, counsel and contractors shall be established by the Board as it deems appropriate.

**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.

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.

§ 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 shall 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 SGA 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.

CHAPTER 6. CLAIMS

§ 6.01 Claims; General

Claims against the Authority for money or damages covered by Chapter 1 (commencing with section 900) and Chapter 2 (commencing with section 910) of Part 3 of Division 3.6 of the California Government Code or other statute shall be presented and processed in accordance with the applicable statute. Other claims shall be presented and processed in accordance with this Chapter.

§ 6.02 Presentation of Claims

Claims, and amendments to claims, shall be presented personally or mailed first class delivery to the Executive Director at the address of the Authority.

§ 6.03 Contents of Claims

A claim shall be presented by the claimant or by person acting on the claimant's behalf and shall show:

- (a) The name and mailing address of the claimant;
- (b) The date, place and other circumstances of the occurrence or transaction giving rise to the claim asserted;
- (c) The general description of the indebtedness, obligation, injury, damage or loss incurred so far as may be known at the time of presentation of the claim;
- (d) The name or names of the Authority employee or employees causing the injury, damage, or loss if known;
- (e) The amount claimed as of the date of presentation of the claim, including the estimated amount of any prospective injury, damage, or loss insofar as it may be known at the time of presentation of the claim, together with the basis of computation of the amount claimed; and
- (f) The signature of the claimant or some person on the claimant's behalf.

§ 6.04 Insufficient Claims

- (a) The Executive Director shall notify or direct that notification be given to the claimant if the claim fails to include the information required by statute or this Chapter. Such notice shall be given within twenty (20) days after the claim is presented. The claimant must file an amended claim within ten days of the Executive Director's notice.
- (b) The amended claim shall be considered in lieu of the original claim. If an amended claim is not filed within the time specified in subsection (a), the claim shall be deemed rejected.

§ 6.05 Time for Presentation of Claims

- (a) Claims against the Authority shall be presented within the times specified in Division 3.6 (commencing with section 810), Title 1, of the California Government Code.
- (b) When a claim is not filed on time, an application shall be made to the Authority for leave to present a late claim. Government Code sections 911.4(b), sections 911.6 through 912.2 inclusive, and 946.4 and 946.6 are applicable to such requests. The deadline for filing an application under this section shall be as specified in Government Code Sections 911.2, 911.6 and 946.6.

§ 6.06 Time for Action

- (a) The Board shall act on the claims, amended claims, and applications to file late claims within 45 days after the application, the claim or amended claim has been presented.
- (b) Written notice of any action taken by the Board acting on a claim or application to file a late claim shall be given to the person who presented the claim by the Executive Director within ten days of the Board's action.
- (c) Failure by the Board or the Executive Director to act within the times set forth in subsections (a) and/or (b) shall be deemed a rejection of the claim.

§ 6.07 Claim as a Prerequisite to Suit

- (a) No court action for money or damages may be brought against the Authority, an officer or employee on a cause of action for which a claim is required by this Chapter until the claim has been acted on by the Board.
- (b) No court action may be brought against the Authority, an officer or employee on a cause of action for which a claim is required by this Chapter unless such action is commenced within six months after the claim is acted on or deemed to have been rejected by the Board.

§ 6.08 Review of Claims

Counsel shall examine claims and lawsuits and provide the Board with a written report describing and evaluating the claim or lawsuit.

§ 6.09 Defense of Claims and Lawsuits

- (a) The Authority shall defend officers or employees named as defendants or respondents in a lawsuit arising within the course and scope of employment if the officer or employee did not act with fraud or malice.
- (b) An officer or employee named in a lawsuit who wishes to obtain defense by the Authority shall file a written request with the Board within three days of service of the complaint or petition. Counsel shall provide the Board with a written report and recommendation with respect to the request. The Board may approve

or deny the request or the Board may agree to defend and reserve the decision on the indemnity pending the outcome of the case.

- (c) If the Authority agrees to defend, the employee or officer shall fully cooperate with the attorney assigned to the case by the Board. The failure to fully cooperate can result in the revocation of the agreement to defend.
- (d) The officer or employee may obtain reimbursement in accordance with law if the Board refuses to indemnify and defend.

CHAPTER 7. ALTERNATIVE DISPUTE RESOLUTION

The Authority hereby incorporates by reference Resolution 1998-03, December, 10, 1998, establishing the Authority's policy for alternative dispute resolution.

CHAPTER 8. ENVIRONMENTAL REVIEW OF AUTHORITY PROGRAMS

The Authority shall comply with all environmental laws and regulations that may be applicable to any program or project approved by the Authority. The Authority hereby adopts and incorporates by reference the State California Environmental Quality Act (CEQA) Guidelines set forth in Title 14 of the California Code of Regulations, Sections 15000 *et seq.*, as authorized in section 15022(d) of the Guidelines.

CHAPTER 9. RECORDS

§ 9.01 Inspection of Records

- (a) Public records of the Authority shall be open to inspection during normal business hours as set forth in Chapter 3.5 (commencing with section 6250), Division 7, Title 1 of the California Government Code.

§ 9.02 Retention of Records

- (a) The following original records shall be maintained in perpetuity in the Authority's files:
 - (1) The Joint Powers Agreement;
 - (2) Resolutions and ordinances
 - (3) Minutes of meetings of the Board;
 - (4) Documents received relating to claims against the Authority;
 - (5) Records determined by the Board to be of significant and lasting historical, administrative, legal, fiscal or research value;
 - (6) These Rules of Procedure, and copies of amended, supplemented, repealed or changed versions; and

- (7) Records required by law to be filed and preserved.
- (b) The Board may adopt procedures for the maintenance and retention of other records.

Adopted by Board: November 5, 1998.

Modified by Board: September 9, 2004