

THE CENTRAL VALLEY FLOOD PROTECTION BOARD
CONSENT CALENDAR MARCH 23, 2012
Agenda Item 70

STAFF REPORT - INTERAGENCY AGREEMENT
By: Kacy Poletti

REQUEST:

Staff proposes to renew the Interagency Agreement (Agreement) between the Central Valley Flood Protection Board (Board) and California State Lands Commission (SLC) to provide audit, engineering, and administrative services in connection with the Board's various oil and gas leases.

TERMS:

The agreement is for a five-year period beginning July 1, 2012 through June 30, 2017. The contract amount is not to exceed \$100,000 (\$20,000 per year). A copy of the proposed Agreement is attached.

JUSTIFICATION:

The Board's oil and gas leases are located in Northern California and consist of 14 gas leases totaling 3,443 acres. The leases range in size from 6 acres to 1,272 acres. The review, audit, and inspection services provided by SLC under the Agreement are a cost-effective means for oversight of the Board's leases. The Department of Water Resources and Board's staff have limited experience and expertise to support such office review for these types of lease proposals and field inspections. SLC has been providing these services to the Board for over 20 years.

The Oil and Gas Inspector will perform field examinations with accompanying photographic documentation and reports to ensure Board's wells are being operated in a safe and workmanlike manner and in accordance with applicable codes and laws. The inspector monitors oil and gas operations of Board's lands to prevent trespass.

The Administrative Reviewer reviews the oil and gas lease proposals, sets royalty rates, maintenance procedures, and reviews the geological information.

RECOMMENDATION:

Staff recommends approval of Resolution No. 2012-11 to approve the Agreement with the California State Lands Commission and also recommends that authority be delegated to the Executive Officer to execute such Agreement.

ATTACHMENTS:

Resolution 2012-11
Copy of proposed Agreement

STATE OF CALIFORNIA
THE NATURAL RESOURCES AGENCY
THE CENTRAL VALLEY FLOOD PROTECTION BOARD

RESOLUTION NO. 2012-11

AUTHORIZES EXECUTION OF
AN INTERAGENCY AGREEMENT WITH
THE CALIFORNIA STATE LANDS COMMISSION

WHEREAS, the Sacramento San Joaquin Drainage District (SSJDD), acting by and through the Central Valley Flood Protection Board (Board), holds title to certain lands throughout the State of California; and

WHEREAS, the Board has rightfully issued various oil and gas leases upon such lands; and

WHEREAS, with the California State Lands Commission (SLC) has expertise in the auditing, administration and required engineering services associated with oil and gas leases; and

WHEREAS, the Board desires to enter into an Interagency Agreement with SLC which will provide auditing, administrative, and engineering services for the Board's various oil and gas leases for the period of five years from July 1, 2012 to June 30, 2017; and

WHEREAS, the maximum amount payable under the Interagency Agreement shall not exceed \$100,000 (\$20,000 per year); and

WHEREAS, the Board considers execution of the Interagency Agreement to be in the best interest of the State.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves said Interagency Agreement and delegates the authority to the Executive Officer of the Board to execute said Interagency Agreement in its name, in substantially the form attached hereto.

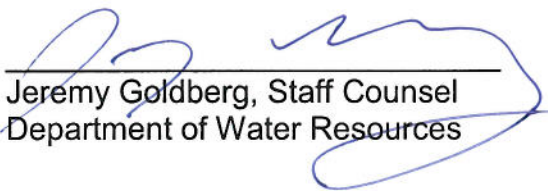
PASSED AND ADOPTED by vote of the Board on _____, 2012

THE CENTRAL VALLEY FLOOD
PROTECTION BOARD OF THE
STATE OF CALIFORNIA

William Edgar, Board President

Jane Dolan, Board Secretary

Approved as to Legal Form
And Sufficiency by:



Jeremy Goldberg, Staff Counsel
Department of Water Resources

AGREEMENT NUMBER 4600009608
REGISTRATION NUMBER

- This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME	Department of Water Resources for the Central Valley Flood Protection Board
CONTRACTOR'S NAME	State Lands Commission
- The term of this Agreement is: July 1, 2012 through June 30, 2017
 This agreement shall not become effective until approved by the Department of General Services.
- The maximum amount of this Agreement is: \$ 100,000.00
 One Hundred Thousand dollars and no cents.
- The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work	1 page
Exhibit B – Budget Detail and Payment Provisions	2 pages
Attachment 1 – Cost Sheet	1 page
Exhibit C* – General Terms and Conditions for Interagency Agreements	GIA 610
Exhibit D – Special Terms and Conditions for DWR – (DWR 9547, Rev. 12/10)	2 pages
Exhibit E – Additional Provisions	1 page
Attachment 1 – Standard Contract Provisions Regarding Political Reform Act Compliance	2 pages

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto.
 These documents can be viewed at www.ols.dgs.ca.gov/Standard+Language

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.



CONTRACTOR		California Department of General Services Use Only
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.) State Lands Commission		
BY (Authorized Signature) 	DATE SIGNED(Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING David W. Brown, Chief, Administration		
ADDRESS 100 Howe Avenue, Suite 100 South Sacramento, California 95825		
STATE OF CALIFORNIA		
AGENCY NAME Department of Water Resources for the Central Valley Flood Protection Board		
BY (Authorized Signature) 	DATE SIGNED(Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING Jay S. Punia, Executive Officer, Central Valley Flood Protection Board		
ADDRESS 3310 El Camino Ave. LL40 Sacramento, California 95821		

EXHIBIT A SCOPE OF WORK

- A. The State Lands Commission (SLC), upon written notice from the Central Valley Flood Protection Board (Board), shall perform the following services for all of the Board's active gas and oil leases:
1. Inspect leases and check field operations.
 2. Verify the total land sales of oil, gas, and gasoline.
 3. Compute royalties due the Board in accordance with lease terms.
 4. Prepare and furnish quarterly statements of royalties' receivable.
 5. Furnish a comparison of differences between amounts due and amount paid by Lessee and its operators.
 6. Analyze production trends.
 7. Determine if Lessee is in compliance with lease provisions.
- B. On the Board's lands that have oil and gas potential, provide all engineering and geologic services necessary to:
1. Observe and analyze related drilling activities.
 2. Review proposed leasing and development programs proposed by the Board.
- C. Continue to review existing lease terms and recommend revisions to the lease form as needed.
- D. Conduct geologic studies as required on the Board's leases in the Rio Vista area. Provide data, such as well histories, surveys, logs, production records, and test data if available under the terms of existing leases.
- E. The Board's coordinator for this agreement shall be Angelica Aguilar (916) 653-5782. The Board's coordinator may be changed by written notice to the Commission.

SLC Project Manager

Ms. Marina Voskanian,
Division Chief Mineral Resources
State Lands Commission
200 Oceangate, 12th Floor
Long Beach, California 90802
(562) 590-5290

Program Manager for Board Activities

Mr. Mike Sabbaghian
Central Valley Flood Protection Board
Division of Flood Management
3310 El Camino Ave., Room 140
Sacramento, California 95821
(916) 574-2880

**EXHIBIT B
BUDGET DETAIL AND PAYMENT PROVISIONS
INTERAGENCY AGREEMENTS**

A. INVOICING AND PAYMENT

Contractor shall submit three copies of the invoice to the State only after receiving written notice of satisfactory completion or acceptance of work by the DWR Contract Manager. **The State will not accept an invoice for work that has not been approved and will return the invoice as a disputed invoice to the Contractor.**

Invoices shall be submitted no more often than monthly, in arrears, bearing the contract number.

Contractor must submit three copies of each invoice to the following address in order to expedite approval and payment:

DWR Accounting Office
Contracts Payable Unit
P.O. Box 942836
Sacramento, California 94236-0001

Undisputed invoices shall be **paid** within 45 days of the date received by the DWR Accounting Office.

B. BUDGET CONTINGENCY CLAUSE

It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.

If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either: cancel this Agreement with no liability occurring to the State, or offer an Agreement Amendment to Contractor to reflect the reduced amount.

C. INTERAGENCY RECEIVABLE RECOVERY PROCESS

Pursuant to Government Code (GC) section 11255, departments that provide services to another department may recover outstanding receivables by initiating a Transaction Request (TR) with the State Controller's Office (SCO) to transfer funds from the debtor department. This option shall be used on a limited basis and only when the following conditions are met: (1) the invoice was not paid by the requested due date, (2) non-payment provisions are included in the interagency agreement between the departments, (3) the invoice has not been disputed, and (4) a 30-day notice has been provided to the debtor department that a transfer of funds will be initiated for non-payment.

Budget Letter 10-10 (BL 10-10) issued on April 29, 2010 details the procedures and approval process to be followed in the event a Transaction Request is warranted. *(Budget Letter 10-10 hereby incorporated by reference and made part of this agreement as if attached hereto. This document can be viewed at http://www.dof.ca.gov/budgeting/budget_letters/.)* In this Agreement DWR and Contractor agree to abide by the requirements in BL 10-10.

**EXHIBIT B
 COST SHEET**

Personnel Salaries	Hourly	Annually	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Administrative Review**	\$164.04	\$13,214.88	\$13,214.88	\$13,214.88	\$13,214.88	\$13,214.88	\$13,214.88	\$66,074.40
Field Inspector***	\$91.77	\$6,785.12	\$6,785.12	\$6,785.12	\$6,785.12	\$6,785.12	\$6,785.12	\$33,925.60
Fringe Benefits	\$0.00	\$0.00						\$0.00
Total Salaries & Benefits per year								\$100,000.00
Total Salaries & Benefits for Five years								\$100,000.00
Travel	\$0.00	\$0.00						\$0.00
Equipment	\$0.00	\$0.00						\$0.00
Total Supplies	\$0.00	\$0.00						\$0.00
Total Costs	\$255.81	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$100,000.00

***Labor Rates may be modified without amendment based on changes in the "Department of Personnel Administration Pay Scales." The agency performing services will provide a new budget or rate schedule immediately upon notice of change.**

****Administrative Review:** Review of oil and gas proposals. Sets royalty rates, maintenance procedures and geologic review.

*****Field Inspector:** Verifies lease production and illegal trespassing of well sites.

**EXHIBIT D - Special Terms and Conditions for
Department of Water Resources
(Interagency Agreements)**

1. **TERMINATION CLAUSE:** Either State agency may terminate this Agreement upon thirty (30) days' advance written notice. The State agency providing the services shall be reimbursed for all reasonable expenses incurred up to the date of termination.
2. **COMPUTER SOFTWARE:** For contracts in which software usage is an essential element of performance under this Agreement, the Contractor certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this contract for the acquisition, operation or maintenance of computer software in violation of copyright laws.
3. **SEVERABILITY:** If any provision of this Agreement is held invalid or unenforceable by any court of final jurisdiction, it is the intent of the parties that all other provisions of this Agreement be constructed to remain fully valid, enforceable, and binding on the parties.
4. **CONTRACTOR COOPERATION DURING INVESTIGATION:** Contractor agrees to cooperate fully in any investigation conducted by or for DWR regarding unsatisfactory work or allegedly unlawful conduct by DWR employees or DWR contractors. The word "cooperate" includes but is not limited to, in a timely manner, making Contractor staff available for interview and Contractor records and documents available for review.
5. **CONFLICT OF INTEREST:**
 - a. **Current and Former State Employees:** Contractor should be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.
 - (1) **Current State Employees:** (PCC §10410)
 - (a) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
 - (b) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.
 - (2) **Former State Employees:** (PCC §10411)
 - (a) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

- (b) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

b. Penalty for Violation:

- (a) If the Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (PCC §10420)

c. Members of Boards and Commissions:

- (a) Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC §10430 (e))

d. Representational Conflicts of Interest:

The Contractor must disclose to the DWR Program Manager any activities by contractor or subcontractor personnel involving representation of parties, or provision of consultation services to parties, who are adversarial to DWR. DWR may immediately terminate this contract if the contractor fails to disclose the information required by this section. DWR may immediately terminate this contract if any conflicts of interest cannot be reconciled with the performance of services under this contract.

e. Financial Interest in Contracts:

Contractor should also be aware of the following provisions of Government Code §1090:

"Members of the Legislature, state, county district, judicial district, and city officers or employees shall not be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. Nor shall state, county, district, judicial district, and city officers or employees be purchasers at any sale or vendors at any purchase made by them in their official capacity."

f. Prohibition for Consulting Services Contracts:

For consulting services contracts (see PCC §10335.5), the Contractor and any subcontractors (except for subcontractors who provide services amounting to 10 percent or less of the contract price) may not submit a bid/SOQ, or be awarded a contract, for the provision of services, procurement of goods or supplies or any other related action which is required, suggested, or otherwise deemed appropriate in the end product of such a consulting services contract (see PCC §10365.5).

ADDITIONAL PROVISIONS

1. POLITICAL REFORM ACT: Contractor shall comply with the language stated in the Standard Contract Provisions Regarding the Political Reform Act Compliance, Attachment 1. Contractor shall file a State of Economic Interests (Fair Political Practices Commission Form 700) upon assuming office, annually, and within 30 days after leaving office.

California Department of Water Resources

**Standard Contract Provisions Regarding
Political Reform Act Compliance**

1. POLITICAL REFORM ACT REQUIREMENTS:

- a. Form 700 Disclosure: The Department of Water Resources (DWR) considers that the Contractor, subcontractor(s), and/or their key staff may be a consultant, i.e., a public official, within the meaning of the Political Reform Act, specifically Government Code §82048 and Title 2, California Code of Regulations §18701. Accordingly, as specified by DWR, such persons shall complete and submit to the DWR Personnel Officer a Form 700, Statement of Economic Interests, within 30 days of the earlier of the date work commences or the effective date of this agreement, updated both annually and when changes in key staff or duties occur. The financial interests disclosed shall be for Disclosure Category 1. Contractors may access the Form 700 on the Fair Political Practices Commission website at www.fppc.ca.gov. Any questions regarding completion of the Form 700 should be addressed to the FPPC at its website or at (866) 275-3772 (866/ASK-FPPC). A leaving office statement must also be filed upon completion of all contract assignments.
- b. Financial Conflict of Interest Prohibition: Contractor must review the Form 700s filed by its key staff and subcontractors and determine whether, in the light of the interests disclosed, performance under the contract could violate Government Code §87100. Contractor shall notify DWR immediately of any potentially disqualifying conflict of interest. Government Code §87100 provides:

“No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest.”
- c. Consequences of Failure to Comply with Political Reform Act Requirements: Any one of the following shall constitute a breach of this Contract and shall be grounds for immediate termination of this Contract:
 - (1) Failure to complete and submit all required Form 700s within the 30-day period as required in paragraph A above, or respond to any request from the DWR Personnel Officer for additional information regarding any such Form 700s;

- (2) Failure to notify DWR of a potentially disqualifying conflict of interest;
- (3) The determination by DWR or the Contractor that any individual, who is a contractor, subcontractor, and/or a key member of their staff, has a financial interest that could result in a violation of Government Code §87100 provided, however, that DWR may opt to waive such breach if Contractor replaces any such individual within two working days after a determination of such financial interest.

STATE OF CALIFORNIA
THE NATURAL RESOURCES AGENCY
THE CENTRAL VALLEY FLOOD PROTECTION BOARD

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THE CENTRAL VALLEY FLOOD
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William Edgar, Board President

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Department of Water Resources