

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT  
IMPROVEMENT DISTRICT NO. 1**

**MINUTES**

A Special Meeting of the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1, was held at 6:30 p.m. on **Wednesday, October 21, 2009.**

Trustees Present:     Harlan Burchardi                             Lee Bettencourt  
                                 Jeff Clay     Matt Loudon

Trustees Absent:     Harry Poor

Others Present:     Chris Dahlstrom                             Gary Kvistad  
                                 Karen King                                     Mary Martone  
                                 Danna McGrew                                 Bob Field  
                                 John Poitras                                     Kim Brown

**I.     CALL TO ORDER**

President Burchardi called the meeting to order at 6:30 p.m.; he stated that this is a Special Meeting of the Board of Trustees. Trustee Poor was absent.

**II.    REPORT BY THE GENERAL MANAGER/SECRETARY REGARDING COMPLIANCE WITH THE REQUIREMENTS FOR POSTING OF THE AGENDA**

Mr. Dahlstrom presented an Affidavit of Posting of the agenda, along with a true copy of the agenda for this meeting. He stated the agenda was posted in accordance with the California Government Code commencing at Section 54950 and also pursuant to Resolution No. 340 of the District. President Burchardi directed that the Affidavit be filed as evidence of the posting and of the agenda items contained therein.

**III.   APPROVAL OF REGULAR MEETING MINUTES OF SEPTEMBER 15, 2009**

The minutes of the regular meeting of September 15, 2009 were presented for Board consideration. President Burchardi requested minor corrections. A public speaker form was submitted by Bob Field who requested several words be inserted to the minutes relating to his comment at the September meeting, which were accepted by the Board and included as corrections.

It was **MOVED** by Trustee Loudon, seconded by Trustee Bettencourt, and carried by a 4-0-1 voice vote, to approve the Regular Meeting Minutes as corrected.

**IV.   ADDITIONS OR CORRECTIONS, IF ANY, TO THE AGENDA**

Mr. Dahlstrom stated that there were no additions or correction to the agenda.

**V.    PUBLIC COMMENT**

President Burchardi noted that there were attendees present from the public. Each member of the public present was provided time to present their comments to the Board.

Ms. Kim Brown was present for Public Comment and addressed the Board related to her termination of employment and stated she would submit a written request to the Board to consider her CalPers retirement buy-back options. She stated that CalPers recommended this action.

Bob Field was present for Item III. September 15, 2009 Minutes, and Public Comment. Mr. Field stated his comments on the action the Board had taken on Resolution No. 675, he disputed the information provided to the Board related to the resolution, indicated that

spending money on this lawsuit is a waste of ratepayers money, and recommended that the Board should rescind its action and comply with the County. He provided a handout of his statements to the Board as well as a copy of the SB County vs. SYRWCD, ID#1 Court Case #1317052. The Board did not respond to his comments or discuss this matter.

**VI. CONSENT AGENDA**

Trustee Loudon **MOVED** the Consent Agenda items be approved as presented; the motion was seconded by Trustee Clay and carried by a 4-0-1 voice vote.

**VII. MANAGER'S REPORT- STATUS, DISCUSSION AND POSSIBLE ACTION ON THE FOLLOWING SUBJECTS**

**A. DISTRICT ADMINISTRATION**

1. Financial Report on Administrative and Operational Matters

a) Presentation of Monthly Financial Statements

Mr. Dahlstrom provided the Board a review of the current month's revenue and expenses. He reported that the revenue exceeds the expenses by \$143,530. He reported the LAIF account balance was \$8,614,119.55 earning interest at .75% as of September 30, 2009 which was down from the previous year to date interest rate of 2.77%.

b) Draft Fiscal Year 2008-2009 Financial Statements – Audit Report presented by Bartlett, Pringle & Wolf, LLP. (BPW)

Mr. Dahlstrom reported that the auditors from Bartlett, Pringle & Wolf were here in August for the annual audit field work and that BPW has prepared a draft of the District's Financial Statement for FY 2008-09 for review and consideration. He introduced Ms. Danna McGrew of BPW and stated that she would provide a review of the District's audit results and answer any questions by the Board. Ms. McGrew reviewed each of the audit requirements and explained that this was a clean, independent audit with no disagreements and no reportable findings. The Board thanked Ms. McGrew for her summarization and commended Ms. Martone and her staff for a job well done on the audit. Mr. Dahlstrom recommends approval and acceptance of the 2008-09 Financial Statement Audit Report as presented.

It was **MOVED** by Trustee Loudon, seconded by Trustee Bettencourt and carried by 4-0-1 voice vote to approve and accept the 2008-2009 Fiscal Year Financial Statement Audit Report issued by Bartlett, Pringle & Wolf, LLC.

c) Governmental Accounting Standards Board (GASB) 45 Compliance Update for other Post Employment Benefits

Mr. Dahlstrom provided the Board with a staff report included in the Board packet dated October 14, 2009 explaining the Governmental Accounting Standards Board (GASB) requirements, background, and options available to fund post retirement health benefits for District employees. He briefly explained the various requirements accounting and financial reporting necessary by the District and the two options that the Board should consider; pre-funding or reporting an annual liability on the District's financial statement. Mr. Dahlstrom and Ms. McGrew answered questions made by the Board members related to the actuarial report and accounting. He asked the Board to further review the staff report and no action was required at tonight's meeting. He indicated that additional options will be brought back in December for further consideration.

Staff will provide prefunding trust options, costs and a sample contract at the December meeting.

2. Building & Security Improvements

a) Office/Shop/Yard Security Measures

Mr. Dahlstrom stated that the building ad hoc committee met to discuss and address several items. He stated the committee agreed to direct staff to contact an architect to assess the needs and expansion of the District office structure. Jones and Jones Architects were contacted and would be available to assist the District in its planning and processing of any remodel or office improvements. It was the consensus of the Board to engage Jones and Jones, committee move forward in developing the list of necessary improvements, and return to the Board with more information. He stated that the committee will be meeting on an as-needed basis to discuss the improvements.

b) Southerly Parcel Landscaping

Mr. Dahlstrom stated that he contacted and spoke with the District's landscape contractor. He stated that he was to provide a scope of work and cost estimate to improve the look of the southerly parcel adjoining the SYCSD parcel. Mr. Dahlstrom will provide it to the Board at the next month's meeting.

c) COMB Committee Representation - Appointment of Director and Alternate

Mr. Dahlstrom stated that at the request of Trustee Loudon, the appointment of the District's representative to COMB was asked to be included on the agenda for discussion. Trustee Loudon requested that he would like to relinquish his appointment as the District's representative on the COMB and be the alternate. He nominated Trustee Bettencourt because he has been attending the COMB meetings as ID. No. 1's Director for the last several months and is willing to accept this responsibility.

Trustee Loudon **MOVED** to nominate Trustee Bettencourt as the COMB Board Director representing ID No.1; it was seconded by Trustee Clay and carried by a 4-0-1 voice vote to appoint Trustee Bettencourt as Director on the COMB Board.

Trustee Clay **MOVED** to nominate Trustee Loudon as Alternate COMB Board Director representing ID No.1; it was seconded by Trustee Bettencourt and carried by a 4-0-1 voice vote appoint Trustee Loudon as the alternate Director on the COMB Board.

**B. DISTRICT OPERATIONS & MAINTENANCE**

1. Still Meadows Road Water System Improvement Project - Zone 3 Pressure Pipeline and Station Inter Connection

Mr. Dahlstrom stated that work has commenced on the Still Meadows Road water system improvement project that interconnects Zone 2/Zone 3 with a new main line and a pressure station connection. He stated that the contractors, Tierra Contracting, has completed the northern pipeline installation but that during construction on the southerly reach of the pipeline, it was determined there is a conflict with a PG&E line which is being addressed at this time. This conflict was not anticipated and must be resolved and will likely result in a minor change order cost. He stated that a further report would be provided.

2. 4 CFS - Well 12 Pipeline Interconnection Project

Mr. Dahlstrom reported that the 4 CFS Well 12 pipeline interconnection project is complete. He stated that the line has been tested and cleared for service, although Well 12 won't be activated until later in the demand season. He stated that there were two change orders required for the project because of extra work required that was not a part of the contract but needed to be completed, change order #1 was in the amount of \$367 and change order #2 was in the amount of \$1,755 both for additional electrical work required to complete the interconnection. Mr. Dahlstrom recommends the ratification of the change orders.

It was MOVED by Trustee Bettencourt, seconded by Trustee Clay and carried by a 4-0-1 voice vote to ratify Change Order No. 1 and Change Order No. 2 for additional electrical work for Well 12.

With the ratified change orders, Mr. Dahlstrom reported that the project is complete and recommends acceptance and that the notice of completion be submitted and filed.

It was MOVED by Trustee Loudon, seconded by Trustee Bettencourt and carried by a 4-0-1 voice vote to approve that the project is complete and authorize the General Manager to file the Notice of Completion.

**C. WATER SERVICE FOR PROPERTIES, PROJECTS & IMPROVEMENTS**

1. Santa Ynez Indian Reservation Project - Santa Cota Road Large Diameter Water Main Line Replacement, Alignment & Loop

A. Water Main Easement Acquisition and Abandonment of Easements

Mr. Dahlstrom reported that no new information was available on the status of the easements at this date. He did mention that the District's engineering representative, Wade Horton from Penfield & Smith, has worked with the District for many years on the engineering for mainline replacements and extensions, is leaving Penfield & Smith to further his career goals with the City of San Luis Obispo. Mr. Dahlstrom stated that Mr. Horton has been a great asset to the District and will be missed. He stated that a new Penfield & Smith engineer representing the District related to the Tribe's water service will be assigned.

2. Mattei's Property Water Service Main Replacement, Upsizing and Extension Loop

Mr. Dahlstrom stated that the Mattei's project has been on stand-by with no contact from the developer or representative. He stated that there may be changes in the scope of the project which may cause changes in the water service requirements. Mr. Dahlstrom stated that a model has been run based on the water demands for the fire flow and water service requirements and the results reveal that an upsizing of two water main lines would be required and additional services line as well. The water main upsizing is needed from the Zone 3 reservoir due to velocities and capacity as well as the mains fronting the project on Railway and Nojoqui. This is shown in the illustrations provided in the Board packet. He stated that this was for informational purposes only, more information would be provided as it becomes available and plans are resubmitted.

**VIII. REPORT, DISCUSSION AND POSSIBLE BOARD ACTION ON THE FOLLOWING SUBJECTS:**

**A. Cachuma Conservation Release Board**

**1. Report on Board Meeting**

Mr. Dahlstrom reported that the Board packet included the September 28, 2009 CCRB agenda and he provided a summary of the topics discussed at the meeting. He indicated that he and Trustee Bettencourt attended; one item of interest was item 7 - Consider approval of a Memorandum of Understanding (MOU) between COMB, CCRB and ID No. 1 for funding and construction of El Jaro Creek Cross Creek Ranch Fish Passage Project, which was also discussed at the COMB meeting as well. CCRB approved the MOU. CCRB also approved expenditures to survey the County's ROW on Refugio Road for the Quiota Creek passage projects. Mr. Dahlstrom also mentioned that the CCRB Audit for FY 2008-2009 was presented to the Board which he commented on.

**2. Steelhead Enhancement Projects**

**a) El Jaro Cross Creek Passage Barrier Removal**

Mr. Dahlstrom summarized that the El Jaro Cross Creek project was awarded to Shock Contracting, Inc. by CCRB and work has commenced. He and Trustee Bettencourt reminded the Board that this contract was protested and there were several issues brought up by a competing contractor. He also mentioned that there are now several change orders that have been submitted, apparently as a result of design oversights resulting in more materials needed for the barrier project. Trustee Bettencourt stated that he questioned the CCRB manager of how this would be funded and who was responsible. Ms. Rees was looking into the change order process.

Mr. Dahlstrom stated this item was also discussed by COMB because CCRB transferred the project to COMB for construction contracting purposes. He stated that ID No.1 approved its 10.31% share of the \$370,000 project funding in the FY 2009-2010 budget, but the project has not yet been approved by the ID No.1 Board.

**B. Cachuma Operations and Maintenance Board**

**1. Report on Board Meetings**

Mr. Dahlstrom stated that the Board packet included the September 28, 2009 meeting agenda. He and Trustee Bettencourt reported that most of the topics discussed were related to the South Coast Member Units and the COMB Capital Improvement Program bond with the exception of the El Jaro Cross Creek project.

The General Manager and Trustee Bettencourt reported that the COMB Board, made up of the same south coast members as the CCRB Board, considered and approved of a Memorandum of Understanding (MOU) between COMB, CCRB and ID No. 1 for funding and construction of El Jaro Creek Cross Creek Ranch Fish Passage Project, which was also discussed at the CCRB meeting as well. Trustee Bettencourt stated that he was the only no vote. They also reported on the 2008-2009 COMB Audit and some inconsistencies with the CCRB Audit, which ID No.1 provided comment on.

Trustee Bettencourt summarized the significant discussion that took place on the COMB capital projects, the bond, construction bids, and status of the Member's action on the Bond. Additional meetings may be held based on Carpinteria Valley Water District's action.

They reported that Ms. Rees wants to implement a policy on change orders that would allow the manager to approve up to \$200,000 in change orders without Board action. This was tabled by COMB.

2. COMB 2009 Bond and Indemnification Agreement

Mr. Dahlstrom reminded the Board of the action taken at the August 18, 2009 meeting was to approve the 2009 COMB Bond conditional upon the building is removed from the list of projects, and the building is not a substitute project, and approval of the August 18, 2009 Draft Indemnification Agreement, including minor changes if necessary and no substantive changes. He also reminded the Board of the action taken at the September 15, 2009 meeting; where the Board rescinded the August 18, 2009 approval of the bond and to only conceptually support the bond once COMB works out the arrangements with the South Coast member units, and hold the indemnification agreement until all member units can come to an agreement.

Mr. Dahlstrom reported that since our last meeting several events have happened. Montecito Water District determined it will self fund and not participate in the COMB bond. Also, he stated that Carpinteria is disputing the bond, they do not agree with the cost distribution and the benefits it may receive from the projects. He stated that there was a Special COMB Meeting held on September 21, 2009 at Carpinteria Valley Water District to discuss the bond. Trustee Bettencourt reported that CVWD is also looking at self funding the projects and trying to narrow the scope of work, Mr. Hamilton is looking for assurance that projects benefiting the south coast member units are built.

He further explained that the City of Santa Barbara and Goleta Water District are the only partnering agencies fully supporting the bond at this time. He stated that the indemnification agreement will need to be revised yet again.

He also mentioned that Ms. Rees presumed that the bond approval process would go smoothly and that she has proceeded with bid requests released for the second barrel project and may have a funding problem if the bond is not approved.

Mr. Dahlstrom reiterated that this Board does not want to hold up the process and stated that they will support the bond with the inclusion of the indemnification agreement. He stated that no action is needed at this time and more information would be provided as it becomes available.

3. CVWD Request for Cost Benefit Study

Mr. Dahlstrom stated that there will not be any cost benefit study done prior to the bond action.

4. Participation in COMB Projects, Activities and Contracts

Mr. Dahlstrom stated that there was no new information relating to the participation at this time.

C. Santa Ynez River – State Water Resources Control Board

1. Water Rights Order 94-5 for Cachuma Project Permit - Draft Environmental Impact Report

a) Environmental Impact Report Status

Mr. Dahlstrom stated that there was a letter in the packet dated September 14, 2009 from the SWRCB to CCRB requesting the release of information relating to the EIR. Mr. Dahlstrom also stated that there may be a possible new direction

including recirculation of the EIR or a new EIR but no status has been provided as far as timing and direction at this time by the State Board.

D. Santa Barbara County

1. Santa Ynez Valley Community Plan

Mr. Dahlstrom stated that there was a September 23, 2009 letter and notice from the Santa Barbara County discussing the Santa Ynez Valley Community Plan. He stated that the SYVC Plan has been approved and accepted by the Board of Supervisors. He indicated that the comments made by ID No.1 related to water supply and resources including infrastructure were not incorporated into the plan.

E. Cachuma Project

1. Water Supply and Water Service Contract Report

Mr. Dahlstrom reported that the Board packet included ID No. 1's water deliveries to the Bureau of Reclamation for the last two years. Mr. Dahlstrom stated that the member units were not in compliance with the Master and Member Unit Contracts with the Bureau because COMB has not reported the water deliveries accounting since February 2008. The monthly reports had not been sent by COMB to USBR due to the dispute the South Coast member units is having with ID No.1 relating to the Exchange Agreement. He stated that he was pleased to announce the south coast member units finally understand the contractual terms of the exchange water and worked out their differences relating to the exchanging surplus water in the past water year. ID No.1 received its 104 acre foot credit for this water.

The General Manager briefly reported that ID No.1 currently has 843AF of Cachuma carryover water beginning in the new water year on October 1. This water was carried over because of shifting the production to the 4 cfs well field.

2. U.S. Bureau of Reclamation Activities Report

Mr. Dahlstrom stated that COMB has also submitted the water delivery reports as required under the Master Contract and Member Unit Contracts and is now in compliance.

He also mentioned that the Mid Pacific Region Annual Conference will be held in January 2010.

3. National Marine Fisheries Service

a) Compliance with Biological Opinion for the Continuing Operations of the Cachuma Project

Mr. Dahlstrom stated that there are projects such as the Quiota Creek passage bridges and reports outstanding as required by the Biological Opinion. He stated that ID No. 1, including Stetson Engineers, Chuck Hanson (the District's biologist) and legal counsel are preparing for the section 7 re-consultation on the Bi Op for the continuing operations of the Cachuma Project and the related public trust resources (ESA requirements) and developing ID No.1's position. He indicated that the section 7 re-consultation with NMFS will likely result in greater fish flows releases from Cachuma for migration, volitional passage around Bradbury Dam and upstream of Cachuma as described in the draft Recovery Plan and challenges to the downstream water rights. A conference call will be taking place with USBR and NMFS.

- b) Draft Southern California Steelhead Recovery Plan – Preparation of Comments  
Mr. Dahlstrom stated that the comment period for the Plan was extended to November 19, 2009. He stated that he and legal counsel as well as Mr. Bruce Wales (Parent District) have been discussing comments related to the plan, developing a strategy for preparing comments tailored to ID No.1 and Parent District using the common information prepared by Entrix, and the need for individual agency comment letters to the NMFS.

Mr. Dahlstrom explained that ID No.1's biologist, legal counsel and staff will be further discussing the document and comments will be prepared and submitted by the deadline.

- 4. Upper Santa Ynez River Operation Agreement (USBR – Cachuma Member Units)
  - a) City of Santa Barbara Pass Through Operations

Mr. Dahlstrom stated that the project participants are still discussing the current operations of both Gibraltar and Cachuma, what happens when the lake fills and spills, storage procedures, and costs related to both the local agency obligations at Cachuma and USBR Warren Act for use of Cachuma by the City. He stated that more information would be provided as it becomes available.

#### F. State Water Project

- 1. State Water Project Water Delivery Update & Transfers to other SWP Contractors  
Mr. Dahlstrom stated that there are no ID No.1 SWP sales or transfer agreements pending at this time. He stated that currently the SWP is delivering 40% of the allocation. He also reported that the annual delivery schedule was submitted for the next DWR water year beginning in January that reflects a 50 percent allocation plus 2009 carryover water. He also included in the Board packet a September 30, 2009 memo from Central Coast Water Authority discussing the DWR 2010 Statement of Charges Update for informational purposes only.

He also reported the routine shutdown of the DWR system will take place starting on November 4<sup>th</sup> and extending November 18<sup>th</sup>.

- 2. San Luis Obispo Dry Year Program - City of Solvang request for water  
Mr. Dahlstrom stated that the City of Solvang has requested a total of 1,010 AF in the Dry Year Program and 388 AF for the month of August. He stated that as of this time they have no further requests.
- 3. Carpinteria Valley Water District proposed transfer of SWP Water  
Mr. Dahlstrom reported that the Carpinteria Valley Water District has a proposed State Water transfer or sale of 1000 AF with a private enterprise. Mr. Dahlstrom stated that this proposal will affect the Exchange Agreement. Mr. Kvistad indicated that Brownstein will prepare a conflict waiver with ID No.1.

#### G. City of Solvang

- 1. 5 CFS Permit Well Field Development and Facility Improvements  
Mr. Dahlstrom stated that there was no new information relating to the City of Solvang's 5 CFS Permit.

**IX. REPORTS, ACTION BY THE BOARD MEMBERS OR STAFF, QUESTIONS OF STAFF, STATUS REPORTS, ANNOUNCEMENTS, COMMITTEE REPORTS, OBSERVATIONS AND OTHER MATTERS AND/OR COMMUNICATIONS NOT REQUIRING ACTION**

Mr. Dahlstrom mentioned that Mr. Bill Hair's (CCRB/COMB Legal Counsel) wife has passed away. Trustee Loudon would like to send a card from the Board expressing our sympathy.

Mr. Dahlstrom provided the Board a photo taken on October 8, 2009. He reported that a rock delivery vehicle owned by Santa Ynez Rock hit a fire hydrant on the reservation. He stated that the hydrant was damaged and water caused water damage to a residence; it was also a hit and run. The field crew was able to shut down the line and replace the hydrant. He stated that a police report was filed and the cost to replace the hydrant has been issued for reimbursement.

Mr. Dahlstrom stated he included a letter dated September 10, 2009 from SB County to the District regarding Proposed Vacation of Madera Street, for informational purposes only.

Mr. Dahlstrom stated that the Board packet included the Family Farm Alliance current newsletter for informational purposes only.

**X. APPROVAL OF ACCOUNTS PAYABLE**

Mr. Dahlstrom presented the Warrant List for Board approval. The Warrant List covered warrants 13086 through 13185, for the time period September 16, 2009 through October 21, 2009 in the amount of \$414,931.99.

Trustee Clay **MOVED** to approve the warrant list as presented. Trustee Loudon seconded the motion and it was carried by a 4-0-1 voice vote.

**XI. REQUESTS FROM BOARD OF TRUSTEES FOR ITEMS TO BE INCLUDED ON THE NEXT REGULAR MEETING AGENDA**

There were no requests.

**XII. CORRESPONDENCE: GENERAL MANAGER/SECRETARY RECOMMENDS THE ITEMS MARKED WITH AN ASTERISK (\*) FOR FILE**

The correspondence list was reviewed and discussed.

**XIII. NEXT MEETING OF THE BOARD OF TRUSTEES**

Mr. Dahlstrom stated that the next Regular Meeting of the Board is scheduled for Tuesday, November 17, 2009 at 5:30 p.m.

**XIV. CLOSED SESSION**

**A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**

[Subdivision (a) of Section 54956.9 of the Government Code]

1. Name of Case: Adjudicatory proceedings pending before the State Water Resources Control Board regarding Permits 11308 and 11310 issued on Applications 11331 and 11332 to the United States Bureau of Reclamation and complaints filed by the California Sport Fishing Protection Alliance regarding the operating of the Cachuma Project and State Board Orders WR73-37, 89-18 and 94-5; and proposed changes to the place of use of waters obtained through aforementioned permits for the Cachuma Project

2. Name of Case: County of Santa Barbara vs. Santa Ynez River Water Conservation District, ID No. 1 - Case Number 1317052 Santa Barbara Superior Court
- B. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION  
[Initiation of litigation pursuant to Subdivision (c) of Section 54956.9 of the Government Code - three cases]

The Board adjourned to closed session at 7:45 p.m. and reconvened to open session at 8:30 p.m. Legal Counsel announced that there was no reportable action for Closed Session Item XIV. A&B.

**XV. ADJOURNMENT**

Being no further business, it was **MOVED** by Trustee Clay, seconded by Trustee Bettencourt to adjourn the meeting at 10:35 p.m. The motion carried by a 4-0-1 voice vote.

**THE OCTOBER 21, 2009 SPECIAL MEETING MINUTES WERE APPROVED AT THE NOVEMBER 17, 2009 MEETING.**