

**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 5:30 p.m. on **Monday, January 19, 2009.**

Trustees Present: Harlan Burchardi Jeff Clay
 Matt Loudon Lee Bettencourt

Trustees Absent: Harry Poor

Others Present: Chris Dahlstrom Gary Kvistad
 Karen King Mary Martone
 Katie & David Hay Sid Goldstein
 Kim Brown Hans Duus
 Jim Richardson Charles Kline

I. CALL TO ORDER

President Burchardi called the meeting to order at 5:34 p.m.; he stated that this is a Special Meeting of the Board of Trustees. The President noted that a quorum of the Board of Trustees was present; 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 DECEMBER 16, 2008

The Minutes of the regular meeting of December 16, 2008 were presented for Board consideration. President Burchardi requested minor corrections.

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

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

Mr. Dahlstrom stated that there was one correction to the agenda. Item IV should state **Additions or Corrections, if any, to the Special Agenda**; this was not a Regular meeting. There were no other additions or corrections to the agenda.

V. PUBLIC COMMENT

President Burchardi noted that there were attendees present from the public.

Katie and David Hay, Central Coast Realtors, and Mr. Sid Goldstein were present for Item VII.C.2. - Valley Gardens Mobile Home Park - Water Service Application.

Mr. Jim Richardson and Hans Duus, City of Solvang Representatives were present for Item VIII.G.1 - City of Solvang.

Mr. Charles Kline, District customer was present for the meeting.

VI. CONSENT AGENDA

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

Mr. Dahlstrom stated that he had a correction to CA-1 Water Production Report - He stated that the fourth paragraph, second sentence should read; This resulted in a total water demand that was **less** (*not more*) than the 10-year running average by 69 acre feet (AF) for the month as shown on the Water Production Report.

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

A. DISTRICT ADMINISTRATION

1. Board of Trustees Reorganization

a) Selection of Officers

Mr. Dahlstrom stated that every year at this time, the Board may select officers for the President and President Pro-Tem seats pursuant to the California Water code 74250 and 75165.8. The Board discussed the current procedure for selecting officers based on nomination and election. Trustee Bettencourt suggested the Board may want to consider establishing a policy to rotate the President and President Pro Tem seat on a yearly basis. Mr. Dahlstrom indicated that it would be important to review the California Water Code which the District was formed. The Board asked that the General Manager and Legal Counsel review the request prior to next year's selection of officers.

Trustee Loudon **MOVED** that Harlan Burchardi remain President; it was seconded by Trustee Bettencourt and carried by a 4-0 voice vote, with one absent. Trustee Bettencourt nominated Trustee Loudon as President Pro Tem; it was seconded by Trustee Bettencourt and carried by a 4-0 voice vote, with one absent.

b) Appointments of Representatives to Participation Agencies/Organizations/Committees

Mr. Dahlstrom provided the Board the list of current agencies that the District is a participant or member. The Board discussed the current Board representation to each of the agencies involved and determined that they would like to make Mr. Dahlstrom the alternate for the CCWA Board of Directors and that there were no other changes necessary at this time.

It was **MOVED** by Trustee Loudon, seconded by Trustee Bettencourt and carried by a 4-0 voice vote, with one absent to approve the re-appointment the current District representatives and appoint Mr. Dahlstrom as the CCWA alternate.

2. Financial Report

Mr. Dahlstrom stated that the Board packet included a December 18, 2008 Budget Letter issued by the State of California, Department of Finance. He explained that effective immediately, the Pooled Money Investment Board voted to freeze all disbursements from AB55 loans. He also explained that no new grants or obligations for bond projects will be funded and existing funding requests or approvals have been suspended. He stated that due to the economy the status of existing projects at COMB/CCRB they may try to pass the costs onto the member units. He stated he would further discuss this under the COMB/CCRB items.

a) Monthly Financials

Mr. Dahlstrom provided the Board a review of the current month's revenue and expenses. He reported that the revenue exceeds the expenses by \$346,336.70 mainly due to special tax assessment payment of \$394,013.75. He stated the LAIF account balance was \$6,516,911.96 earning 2.35% as of December 31, 2008. He also mentioned that the YTD revenue is \$771,832.

b) FY 2008-2009 Six Month Budget Update

Mr. Dahlstrom stated included in the Board packet was the FY 2008/2009 six-month budget update. Mr. Dahlstrom provided the Board an explanation of the expenditures to date in each category, the revenue projections and the reserves. He stated that overall at mid-year budget; the expenditures for General, Administrative, Operations and Maintenance are higher than the revenues generated by Water Service, Sales, Assessments, Fees and Other Interest Income. He stated that the important accounting factor causing this revenue to expenditure offset is the FEMA reimbursements and the reconciliation timing. He also stated that the budget also reflected a revenue projection of \$237,000 for water sales to the City of Solvang; he stated that this did not occur because of the supplemental dry year water sales from SLO County. He stated that in summary, although there is a six-month deficit amount of \$617,451, this would be entirely eliminated with the reimbursement of the \$877,260 of State and Federal Funds obligated by FEMA; this is a matter of timing and not funding availability.

He also mentioned that there are a select number of budget line items that have exceeded the projected costs for this time period as well as savings in other categories due to timing and revising business priorities. He stated that generally, the District remains fiscally sound at this mid-budget term because of the obligation of FEMA reimbursement funds for those Emergency projects and the timing and re-prioritization of the necessary capital improvement projects.

He provided time for the Board to address any questions and asked the Board to approve the six-month budget.

It was **MOVED** by Trustee Loudon, seconded by Trustee Bettencourt and carried by a 4-0 voice vote to accept and approve the six month budget update.

c) Banking Services Analysis

Mr. Dahlstrom stated that Ms. Martone had previously sent out request for proposals from several local banks and that we received two responses from Santa Barbara Bank & Trust and Montecito Bank & Trust for comparison purposes. He stated that this was done after the transition from MidState Bank to Rabobank. He previously reported to the Board that there were errors detected during the transition period, and that he and Ms. Martone met with Rabobank representatives, and since this time all problems have been resolved. He stated that the proposals were reviewed and comparable to the current services we have with Rabobank and that after careful consideration, he recommends the District retain services with Rabobank. He stated this was a report item and that no action is required from the Board.

3. Identity Theft Policy

- a) Resolution No. 665 *A Resolution of the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1 Approving the Utility Billing Identity Theft Prevention Program*

Mr. Dahlstrom reported that the District must comply with the Federal Trade Commission requirement, every financial institution and creditor to establish and implement an Identity Theft Prevention Program in accordance with Code of Federal Regulations of the Fair and Accurate Credit Transaction Act of 2003. He stated that the adoption of such a program would formalize an existing informal program now in place. President Burchardi asked to include a minor change on the provisions section A.4 of the document, which was agreed upon by the Board. Mr. Dahlstrom recommends Board approval of Resolution No. 665.

It was **MOVED** by Trustee Loudon, seconded by Trustee Clay, and carried by a 4-0 voice vote to adopt Resolution No. 665 as amended:

The Resolution was adopted by the following roll call vote:

AYES, Trustees:	Harlan Burchardi Lee Bettencourt Matthew Loudon Jeff Clay
NOES, Trustees:	None
ABSENT, Trustees:	Harry Poor

4. Accounting Policy and Procedures

- a) Resolution No. 666: *A Resolution of the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1 Adopting Accounting Policies and Procedures*

Mr. Dahlstrom stated that this accounting policies and procedures manual was recommended by the District's financial audit firm, Bartlett, Pringle & Wolf, for the purpose of implementing internal controls and certification procedures that will assure accurate account reporting and consistent financial auditing. He stated the adoption of the Accounting Policies and Procedures Manual formalizes an existing informal program now in place and establishes a step-by-step guideline document tailored to ID#1's financial operations. Mr. Dahlstrom recommends approval of Resolution No. 666 to adopt the accounting policies and procedures.

It was **MOVED** by Trustee Loudon, seconded by Trustee Bettencourt, and carried by a 4-0 voice vote to adopt Resolution No. 666:

The Resolution was adopted by the following roll call vote:

AYES, Trustees:	Harlan Burchardi Lee Bettencourt Matthew Loudon Jeff Clay
NOES, Trustees:	None
ABSENT, Trustees:	Harry Poor

5. Building & Security Improvements

a) Office/Shop/Yard Security Measures

Mr. Dahlstrom stated that there was no new information available at this time, except that the Building Committee should meet to discuss the restrooms.

B. DISTRICT OPERATIONS & MAINTENANCE

Mr. Dahlstrom stated that the Board packet included a January 7, 2009 letter from the District to the Regional Water Quality Control Board including our Annual Report for 2008. He stated this was an informational report only.

1. 2005 Flood Emergency (FEMA-1577-DR-CA)

Mr. Dahlstrom stated that all FEMA projects must be complete by the February 4, 2009 deadline. He stated that according to Mr. Tambini all projects will be completed by this date. He also mentioned that Eric Tambini and Bob Paul did a great job coordinating, designing and construction managing the FEMA project and all the well drilling and development activities.

a) Upland Well #24 Construction Project

Mr. Dahlstrom stated that this well is complete and ready for service.

b) Upland Well #25 Drilling & Construction

Mr. Dahlstrom stated that well 25 is on-line and in service producing 990 gpm.

c) Upland Well #27 Drilling & Construction Project

Mr. Dahlstrom stated that Well 27 is on-line and producing 1,340 gpm.

d) Well #28 - Drilling & Construction Project

Mr. Dahlstrom reported that Well #28 is progressing as scheduled and in the final stages of completion. He stated that the Board packet included a video report of the well casing for the site. He stated that the new casing looks clean and ready for service.

1. Change Order #1 - Sexton Engineering

Mr. Dahlstrom stated that the Board packet included a December 30, 2008 change order #1 in the net amount of \$4,033 (deduction) for the Districts piping and site work. Mr. Dahlstrom asked the Board to ratify the approval of the change order #1 for a deduction in the amount of \$4,033 for Sexton Engineering.

It was **MOVED** by Trustee Loudon, seconded by Trustee Clay and carried by a 4-0 voice vote with one absent, to ratify the General Manager's approval of the Sexton Engineering deduction Change Order #1 in the amount of \$4,033.

2. Notice of Completion - Sexton Engineering

Mr. Dahlstrom reported that Sexton Engineering completed the piping and site work. He stated that the Board packet included the Notice of Completion for reference and he recommends approval.

It was **MOVED** by Trustee Loudon, seconded by Trustee Clay and carried by a 4-0 voice vote with one absent, to approve and authorize the General Manager to sign and file the Notice of Completion for the piping and site work performed by Sexton Engineering at well site #28

3. Notice of Completion – Layne Christensen

Mr. Dahlstrom stated that the handout material included an invoice from Layne Christensen for a new Byron Jackson pump for the well 28. He stated that when Layne performed the inspection and cleaning of the motor from well 20 and found a hole in the casing and determined the old motor could not be re-used. He stated that a new 100 hp motor is required for the well and requested ratification by the Board for the purchase of a new motor in the amount of \$29,319.82 from Layne Christensen.

It was **MOVED** by Trustee Loudon, seconded by Trustee Bettencourt and carried by a 4-0 voice vote, with one absent to ratify the General Manager's approval for the purchase of a new motor from Layne Christensen in the amount of \$29,319.82.

Mr. Dahlstrom stated that based on the status of the new motor and delivery date, the Notice of Completion needs to be addressed. He explained that Layne Christensen will install the pump and motor once it is received, which could be before the February Board meeting. He stated based on timing the Board could authorize the General Manager to sign and file the Notice of Completion once the installation occurs.

After a brief discussion, it was **MOVED** by Trustee Loudon, seconded by Trustee Clay and carried by a 4-0 voice vote, with one absent, to authorize the General Manager to sign and file the Notice of Completion for the removal/installation of the pump and motor performed by Layne Christensen.

Trustee Loudon expressed his appreciation to the General Manager and staff for acquiring the nearly \$4.9 million of FEMA funding and to Mr. Tambini for his diligent coordination of the projects. He reiterated that the District's customers benefit by these efforts in cost savings, maintaining water rates as well as having long term water supplies now and in the future. The Board whole heartedly concurred.

2. Well 27 - Zone 3 Connection

a) Award of Contract

Mr. Dahlstrom stated that the Board packet included a bid summary for the Zone 3 Connection at well#27. He mentioned that this project is not FEMA funded. He stated that there were only two bids received of the three requested from qualified companies for the project. He stated that based on the bid process, Hanly General Engineering Corp., is the lowest responsible bidder at \$29,100.

It was **MOVED** by Trustee Bettencourt, seconded by Trustee Clay and carried by a 4-0 voice vote, with one absent, to accept the bid, authorize the General Manager to sign the Notice of Award, approve the contract with Hanly General Engineering Corp. for the Zone 3 Connection for well #27.

3. Cedar Street Water Main Replacement Project

a) Notice of Exemption

Mr. Dahlstrom stated that the Board packet included a Notice of Exemption (NOE) for the Cedar Street water main line replacement project. Based on the CEQA findings and as described in the NOE, he recommends approval, posting and filing.

After a brief discussion, it was **MOVED** by Trustee Loudon, seconded by Trustee Bettencourt and carried by a 4-0 voice vote, with one absent, to approve the CEQA Notice of Exemption and authorize the General Manager to sign and file the approved CEQA Notice of Exemption for the Cedar Street water main line replacement project.

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. Phase 1 Reach B – Water Main Santa Cota Road from Edison to Pascuala Ct.

Mr. Dahlstrom stated that there was no new information regarding the Dedication of Facilities at this time.

B. Phase 2 Reach C – Water Main Santa Cota Road from Pascuala Ct. to Via Juana/Kalawa Shaq to Lateral 1-1

Mr. Dahlstrom stated that there was no new information regarding Notice of Completion and Dedication of Facilities.

C. Phase 2 Reach D – Water Main from Ortega to Cabrillo for Residents and Proposed Community Center

Mr. Dahlstrom reported that there was a preconstruction meeting held last week and that work would commence soon. The Band is using Burke Construction for this final phase of the project and stated that Mr. Bob Hyland would be monitoring the project.

D. Lateral 1-1 Transmission Main Easement

Mr. Dahlstrom explained that legal counsel is working on the easement for the Lateral 1-1 transmission mainline.

E. Water Main Easement Acquisition and Abandonment of Easements

Mr. Dahlstrom reported that legal counsel has prepared an outline related to the procedures for the subject easements.

2. Valley Gardens Mobile Home Park – Water Service Application

Mr. Dahlstrom indicated that the Board packet included a December 22, 2008 letter from Mr. Goldstien regarding the Valley Gardens Mobile Home Park and that he provided the map that was previously reviewed at the December meeting for reference. He stated that Mr. Sid Goldstien and Dave and Katie Hay met on December 19th and that the letter dated December 22, 2008 provided in the packet now requests that the District conceptually approve a main line extension for the project. Mr. Dahlstrom welcomed Mr. Sid Goldstien and Mr. & Mrs. Hay to the meeting.

Mr. Dahlstrom provided the Board with an overview of the water service to the property which is currently served with a 2-inch domestic meter, the District's water mains and hydrant location. He also explained that staff has met with the applicant's representatives prior to the Board meetings on November 20, 2008 and December 19, 2008 to discuss water service.

Mr. Dahlstrom reported that staff has reviewed the water service required to serve all the additional dwelling units on the property and explained that an 8-inch main currently fronts the parcel on Highway 246. He referred to a site plan provided by Mr. Goldstien and pointed out that a main extension within the property would not

benefit the District either in flow or water quality and therefore a main extension into the private property is neither recommended nor required to serve proposed 42 dwellings. He also expressed that if fire protection in the form of fire hydrants is required by the Fire Department, that the District does not to install public fire hydrants on private property for various reasons including access and misuse issues. He indicated that a fire service connection may exist at the northwest corner of the property, pending field verification that could be used by the applicant to install a private fire system with hydrants.

He continued to describe the surrounding water distribution system and service including El Rancho Market and the Christian Academy and that there would be no reason to extend and loop a water main to either properties. He further described that the Academy has a main affronting the property on both Highway 246 and Refugio Road and can not foresee any reason or need for a main into the mobile home park and loop through to any adjoining parcel, even if the Christian Academy property were developed and expanded in the future. The Board concurred with this assessment and discussed water service from other mains to the south and west of the mobile home park and that those facilities were not accessible. Mr. Dahlstrom indicated that there is no sound practical or policy reason to recommend or require a main extension to provide water service to this property or to loop the main to an adjacent water main.

He then reported that the distribution system has been modeled using the water demand calculations for all water use on the 5.72 acres as submitted by the applicants. It was determined that there is adequate pressure and flow rate to provide water service from the Highway 246 8-inch main not only for the existing 2-inch meter currently serving the property and but also for upsizing the meter to a 3-inch meter to meet the water demand requirements. He also indicated that the Rules and Regulations provide that each unit could be separately metered by a 5/8-inch meter but following this policy would require service connections and meters for all the units except the eight that are grandfathered as permitted and existing. He also explained that other conditions for each residential unit would need to be evaluated and applied in accordance with the Rules and Regulations. Instead, he recommended that the District continue to master meter with a larger meter which would be efficient and more practical.

Mr. Goldstien and Mr. & Mrs. Hay were given time to speak regarding the project and provide comments and answer questions. A question was asked by Mr. Goldstien related to other properties requiring additional water meters for replacement dwelling units of this type which Mr. Dahlstrom provided a specific example and responded that the metering requirements apply. Mr. Goldstien also explained that the future plans for the property could include condominium conversions or an increase to the number of mobile home dwelling units from 42 to 70 units; he stated that the finalization of the Santa Ynez Valley Community Plan would predict the future needs of the site. He further explained that a future lot split of the southerly portion of the property may include a 1.72 acre separate parcel. It was suggested by staff that if there is the intention to split the southerly portion of the lot, then it would be a good solution to have a separate meter installed on the Highway 246 main to serve that future parcel which would allow the extension of a private water service through a private easement. A main extension would not be recommended for water service to that future parcel.

Mr. Goldstein then indicated that it was the desire of the applicant to have an assurance that the private infrastructure and paving would not be affected by a main extension requirement in the event of the future scenarios. After a lengthy discussion, the Board indicated that the future was difficult to predict and that water service would be reviewed at that time should that occur.

Mr. Dahlstrom stated he has prepared a draft requirements letter that he will be sending to the applicant, he also reminded the applicant that a deposit is required for the application, and that an authorization letter from the owner of the property is required naming them as the agent(s) for dealing with the project and its details. Mr. Goldstien submitted the authorization letter to Mr. Dahlstrom.

He stated that there was no action required by the Board at this time because this is a water service application only and for information, although the Board did acknowledge the General Managers recommendation to master meter for water service to the property and not extend a water main. Mr. Dahlstrom and the Board thanked the guests for their attendance and comments.

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

A. Cachuma Conservation Release Board

1. Report on Board Meeting

Mr. Dahlstrom stated that the Board packet included the December 15, 2008 CCRB agenda. He provided a summary of the topics discussed at the meeting which included a management report on SWRCB Hearing, Lower SY Fisheries Program, 2008 ACWA Fall Conference Report, and a report from the Auditor for the FY 07/08 Audit.

2. Steelhead Enhancement Projects and Fish Management Plan Program

Mr. Dahlstrom stated that the Board packet included a December 22, 2008 letter from CCRB to the State Coastal Conservancy regarding a Department of Finance Budget Letter discussing the suspension of bond related funding. Ms. Rees is seeking clarification as to whether or not CCRB will be receiving funding for their Fish Enhancement project(s). Mr. Dahlstrom reported that Ms Rees explained to the CCR Board that due to the State Budget problems, grant money is not available for the fish programs. She indicated that the \$371,000 for Quiota Creek is in jeopardy meaning the Cachuma Member Units would be required to pay this amount and the additional cost over runs.

Mr. Dahlstrom reminded the ID No.1 Board that Ms Rees did not present certain projects to ID No.1 for approval and that this Board is not obligated to pay until such time that occurs. Trustee Bettencourt suggested that an inspection process is followed or that an independent contractor is hired for inspection of projects.

3. Restructuring Agency Relations

Mr. Dahlstrom stated that the topic of restructuring was brought up at the Managers/Attorney meeting. He stated that further information would be provided to the Board when it is available.

B. Cachuma Operations and Maintenance Board

1. Report on Board Meeting

Mr. Dahlstrom stated that the Board packet included the December 15, 2008 COMB agenda. He stated that all of the topics discussed related to the South Coast member units only.

Mr. Dahlstrom stated that he included a December 10, 2008 memo which was included in the Board packet discussing Kate's suggestion of forming a joint Operating Committee for COMB and CCRB. He stated that the combination of CCRB/COMB matters and the operating committee cannot be done or formed because those are two completely different agencies, that are defined by separate JPA's and agreements and do not have authority to commingle and act on all matters. The Board concurred and supported the General Manager's objections.

2. Restructuring Agency Relations

Mr. Dahlstrom stated that the topic of restructuring was brought up at the Managers/Attorney meeting. He stated that further information would be provided to the Board when it is available.

C. Santa Barbara County

1. Abandonment of Madera Street Easement ROW on District Property

Mr. Dahlstrom stated that there is no new information regarding the Abandonment process.

2. Hemming LUP - Use and Conditions for Madera Street

Mr. Kvistad stated that because of the County furlough at the end of the year, there is no new information regarding the Hemming LUP.

D. Santa Ynez River - State Water Resources Control Board

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

Mr. Dahlstrom stated that there is no new information relating to the State Board proceedings or a decision on the status of the RDEIR. He does expect that the State Board will be preparing the Final EIR and response to comments within the next six months.

E. Cachuma Project

1. Water Supply and Water Service Contract Report

Mr. Dahlstrom stated that the Board packet included a December 19, 2008 letter from Best Best & Krieger, special legal counsel for the District, to COMB regarding the Cachuma Surplus Water and the District's concern relating to the Exchange Agreement. He stated that a brief response was received December 30, 2008 and that more information would be provided at the February meeting.

2. U.S. Bureau of Reclamation Activities Report

Mr. Dahlstrom also reported that the USBR approved a third, two year extension with the County for the Cachuma Park Recreation and Resource Management contract. Neither USBR nor the County provided notice of the contract extension.

3. Lake Cachuma Recreation - Quagga Mussel Preventative Measures

He stated that the Board packet included handout of a photo taken on January 16th of the Quagga Mussel inspection station located at Lake Cachuma. He stated that there are no signs posted and no staff there at the designated location. He reminded the Board that the County was requesting over \$200,000 from the member units to fund this particular preventative program. He stated that this report was informational only and that he planned to send the picture to the other member unit managers as well as the Bureau of Reclamation.

4. Lake Cachuma Resource Management Plan Draft EIS

Mr. Dahlstrom stated that Mr. Wales of the SYRWCD ("Parent District") has requested from USBR a list of entities that commented on the Draft EIS and their comments.

USBR has not yet provided that information for some unknown reason. More information will be provided as it becomes available.

F. State Water Project

1. Drought Emergency - Water Sales/Transfers to other SWP Contract Agencies

Mr. Dahlstrom stated that there are no ID No.1 SWP sales or transfer agreements pending at this time. He also said that the City of Solvang will require water supply from ID No.1 given the SWP water shortages in the 2009 water year.

a) San Luis Obispo Dry Year Program City of Solvang Request for Water

Mr. Dahlstrom stated that the City of Solvang participated in the Dry Year Program and has used its allocation from that source. He explained that because DWR has set the 2009 SWP allocation at 15%, the second year of the SLODYP water will not be available because the agreement requires a minimum of 35% deliveries. This will be monitored throughout the year for changes in the delivery status.

b) 2009 Drought Water Bank

Mr. Dahlstrom stated that the Board packet included a December 30, 2008 memo from Central Coast Water Authority regarding the 2009 Drought Water Bank. He explained that DWR's drought bank is still in the development stage and that there have been requests for over 600,000 acre feet from buyers but no sellers at this time. He stated that the cost of water is expected to be at least \$700 per AF because of the market value and demand. He mentioned that as of January northern California has only received 9% of the total average rainfall. He expects that the SWP allocation could be as little as 10% for next year if the conditions continue in the state.

2. Continuing Disclosure Statement for 1996 Series A&B Revenue Bonds for State Water Project Regional Facilities

Mr. Dahlstrom stated that each year the District is responsible to provide continuing financial disclosure information to Central Coast Water Authority. He stated that Ms. Mary Martone prepared disclosure statement, which the District's rate coverage was 1.55% and submitted the information to CCWA prior to the January 10th deadline. Mr. Dahlstrom also stated that he had yet to hear from the City of Solvang regarding their submittal.

G. City of Solvang

1. Development of MOU for 5 CFS River Wells

President Burchardi welcomed the City of Solvang's representation to the meeting. Mr. Dahlstrom stated that he received an email from Mr. Brad Vidro stating that the City Council had made a decision on the Council members and stated that Ken Palmer was appointed to the Council. He also mentioned that there was a meeting scheduled for January 27th with the City of Solvang representatives, ad hoc water committee which includes, Mr. Jim Richardson, Hans Duus, and Brad Vidro. Mr. Dahlstrom stated that he and legal counsel are preparing a draft MOU for discussion with the City representatives and that a report would be provided at the February meeting.

Mr. Richardson stated he and the City Council are looking forward to working together with the District. The Board of Trustees thanked them for attending the meeting and their interest in working together.

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 reported that he and Trustee Clay would be attending the Mid Pacific Region 42nd Annual Water Users Conference January 21-23rd, 2009.

Mr. Dahlstrom mentioned that the Board of Trustees is due for a refresher course in Ethics Training as required by AB1234 and that Ms. King would be scheduling a date in February for the training.

Mr. Dahlstrom included in the Board packet a grant application for the Santa Ynez Community Services District submitted to the Santa Barbara county Indian Gaming Community Benefits Committee. He stated the request is for funding for a relocation of the SYCSD force main in the area just west of the Casino's entrance on Hwy 246. He further explained that this project may fall within the District easement boundaries and is described as a large diameter sewer main and could interfere with District infrastructure. He stated more information would be provided as it becomes available.

He stated that the District customers received a recent newsletter which was mailed in January and posted on our website. A copy was provided in the packet for reference.

Mr. Dahlstrom stated that the Board packet included the Family Farm Alliance current Newsletter and the California Rural Water Association Newsletter for informational purposes only.

Mr. Dahlstrom also included a memo from the Bureau of Reclamation 2009 Management Workshop is scheduled for February 23-29, 2009 if any of the Board members were interested.

Mr. Dahlstrom also mentioned that the City of Goleta's City Council has new members which are Mr. Bert Bertrando and Ms. Lauren Hansen. He mentioned that the new council promptly terminated their legal counsel contract with Mr. Chip Wullbrant and hired Fran Farino.

Mr. Dahlstrom mentioned that he and President Burchardi were meeting with Ms. Doreen Farr on January 30, 2009 and that a further report would be provided in February.

X. APPROVAL OF ACCOUNTS PAYABLE

Mr. Dahlstrom presented the Warrant List for Board approval. The Warrant List covered warrants 12224 through 12322, for the time period December 17, 2008 through January 19, 2009 in the amount of \$428,794.22, voiding warrant #12305 for \$100.00. It was also noted that the warrant for Brownstein Farber Hyatt & Schreck was not included on the warrant list. Ms. Martone confirmed the bill had been received and could be paid upon approval of the Board. The Board agreed this should be paid in January.

Trustee Bettencourt **MOVED** to approve the warrant list as presented and include the payment of Brownstein Farber Hyatt & Schreck January billing with the payroll. Trustee Clay seconded the motion and it was carried by a 4-0-voice vote, with one absent.

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

There were no requests from the Board.

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

The correspondence list was reviewed and discussed.

XIII. NEXT REGULAR MEETING OF THE BOARD OF TRUSTEES

Mr. Dahlstrom stated that the next Regular meeting of the Board is scheduled for Tuesday, February 17, 2009.

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

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 9:11 p.m. and reconvened to open session at 10:37 p.m. Legal Counsel announced that there was no reportable action from the closed session.

XV. ADJOURNMENT

Being no further business, it was **MOVED** by Trustee Loudon, seconded by Trustee Bettencourt to adjourn the meeting at 10:38 p.m. The motion carried by a unanimous voice vote.

THE JANUARY 19, 2009 SPECIAL MINUTES WERE APPROVED AT THE FEBRUARY 17, 2009 REGULAR MEETING.