

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
IMPROVEMENT DISTRICT NO. 1
JANUARY 19, 2021 REGULAR MEETING MINUTES**

A Regular Meeting of the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No.1, was held at 3:00 p.m. on **Tuesday, January 19, 2021 via video/teleconference only** due to the COVID-19 Emergency and Governor Newsom’s Executive Orders.

Trustees Present: Michael Burchardi Jeff Clay
 Brad Joos Lori Parker
 Jeff Holzer

Trustees Absent: None

Others Present: Paeter Garcia Mary Martone Karen King
 Eric Tambini Gary Kvistad

1. CALL TO ORDER AND ROLL CALL:

President Clay called the meeting to order at 3:03 p.m., he stated this was a Regular Meeting of the Board of Trustees. Ms. Martone conducted roll call and reported all members of the Board were present at roll call.

2. PLEDGE OF ALLEGIANCE:

President Clay led the Pledge of Allegiance.

3. REPORT BY THE SECRETARY TO THE BOARD REGARDING COMPLIANCE WITH THE REQUIREMENTS FOR POSTING OF THE NOTICE AND AGENDA:

Ms. Martone presented the affidavit of posting of the agenda, along with a true copy of the agenda for this meeting. She reported that the agenda was posted in accordance with the California Government Code commencing at Section 54950 and pursuant to District Resolution No. 340. The affidavit was filed as evidence of the posting of the agenda items contained therein.

Ms. Martone added that as a result of the COVID-19 emergency and Governor Newsom’s Executive Orders to protect public health by limiting public gatherings and requiring social distancing, the Board meeting would occur solely via video/teleconference as authorized by and in furtherance of Executive Order Nos. N-29-20 and N-33-20 and applicable amendments to the California Brown Act as set forth in those Executive Orders.

4. ADDITIONS OR CORRECTIONS, IF ANY, TO THE AGENDA:

Mr. Garcia stated there were no additions or corrections to the agenda.

5. PUBLIC COMMENT:

President Clay welcomed any members of the public participating via video or telephonically and offered time for members of the public to speak and address the Board on matters not on the agenda. There were no comments received from the public. Mr. Garcia stated that the Notice and Agenda for this Regular Meeting requested members of the public to submit advance written comments to the District via electronic mail by 5:00 p.m. on Monday, January 18, 2021. Mr. Garcia reported that no written comments were submitted to the District for the meeting.

6. CORONAVIRUS (COVID-19) UPDATE:

A. General Manager’s Report

The Board packet included the Santa Barbara County Health Officer Order Nos. 2020-12.17 and 2020-10.7 pertaining to COVID-19.

Mr. Garcia reported on the current activities related to the COVID-19 pandemic and the District's actions. He summarized the most recent Santa Barbara County Health Officer Orders that were included in the packet. He indicated that the Orders pertain to the phased re-opening within Santa Barbara County and face covering requirements. Mr. Garcia indicated that the District continues to maintain a conservative response plan, with the field and front office staff being divided into two teams alternating each week. He stated that staff continues to receive and review updates related to COVID-19 from federal, state, regional, and local agencies.

7. **CONSIDERATION OF THE MINUTES OF THE REGULAR MEETING OF DECEMBER 15, 2020**

The Regular Meeting Minutes from December 15, 2020 were presented for consideration.

President Clay asked if there were any changes or additions to the Regular Meeting Minutes of December 15, 2020. There were no changes or additions requested.

It was **MOVED** by Trustee Burchardi, seconded by Trustee Parker, and carried by a 5-0-0 roll call vote to approve the December 15, 2020 Regular Meeting Minutes as presented.

8. **CONSENT AGENDA:**

The Consent Agenda Report was provided in the Board packet.

Mr. Garcia reviewed the Consent Agenda materials for the month of January.

It was **MOVED** by Trustee Joos, seconded by Trustee Burchardi, and carried by a 5-0-0 roll call vote, to approve the Consent Agenda.

9. **MANAGER REPORTS - STATUS, DISCUSSION, AND POSSIBLE BOARD ACTION ON THE FOLLOWING SUBJECTS:**

A. **DISTRICT ADMINISTRATION:**

1. Financial Report on Administrative Matters

a) Presentation of Monthly Financial Statements – Revenues and Expenses

Ms. Martone announced that the Board was provided the Statement of Revenues and Expenses for the month of December via email. She also explained that the reports were posted on the District's website in the Board packet materials for any members of the public wishing to follow along or receive a copy.

Ms. Martone reviewed the Statement of Revenues and Expenses for the month of December. She highlighted various line-items related to revenue and expense transactions that occurred during the month. Ms. Martone reported that revenues exceeded expenses by \$580,461.08 for the month and the year-to-date net income was \$1,406,446.50, which will be earmarked and utilized for the District's annual State Water Project and COMB (Series 2004A) Bond payments.

b) Approval of Accounts Payable

Ms. Martone reported that the Board was provided the Warrant List for December 16, 2020 through January 19, 2021 via email, and that it was posted on the District's website in the Board packet materials for any member of the public wishing to follow along or receive a copy.

The Board reviewed the Warrant List which covered warrants 23559 through 23623 in the amount of \$381,726.31.

It was **MOVED** by Trustee Burchardi, seconded by Trustee Clay, and carried by a 5-0-0 roll call vote, to approve the Warrant List for December 16, 2020 through January 19, 2021.

c) Six-Month FY 2020-2021 Budget Update

The Board packet included the six-month FY 2020-2021 budget update.

Ms. Martone reviewed the six-month budget update. She highlighted each budget category and explained that the budget balance reflected revenues exceeding expenses by \$1,349,131.94 six months into the 2020-2021 fiscal year. Ms. Martone explained that water sales were up during the first six months of the fiscal year due to typical high use months occurring July-November. She indicated that water sales are anticipated to decline over the remaining six months of the fiscal year. Ms. Martone emphasized that the second half of the fiscal year will likely reflect increased expenses related to completion of Capital Improvement Projects such as the SCADA Replacement Project, a portion of the Meter Replacement Project, and purchases of capital assets. She reported that management and staff continue to prioritize and plan completion of capital projects while considering the unknown factors of COVID-19 as we enter into the last six months of the budget cycle. Ms. Martone reiterated to the Board that the overall revenue outlook remains stable at this point in the fiscal year.

d) Quarterly Balance Sheet inclusive of Reserve Accounts – December 31, 2020

The Board packet included the Quarterly Balance Sheet inclusive of the Reserve Accounts at December 31, 2020.

Ms. Martone presented the December 31, 2020 Quarterly Balance Sheet and Reserve Balance Summaries. She explained the detail within each line-item, the allocation of the reserves, reserve funding activity during the quarter, and the bottom-line net position. Ms. Martone reported that the District's assets and liabilities balanced at \$37,177,793.77 and the Board-restricted reserve balance was \$8,696,329.91 at December 31, 2020. She explained that the Board-restricted reserve balance will be reduced by approximately \$2,400,000 at June 30, 2021 when the District pays its annual State Water Project and Series 2004A Bond payments.

Ms. Martone indicated that the 2018/2019 and 2019/2020 fiscal years resulted in surplus revenues due to unexpended capital improvement projects. She explained that management has reviewed the District's unrestricted fund balance at December 31, 2020 and recommended that the Board consider transferring \$4,100,000 to be split equally at \$2,050,000 between the Repair and Replace and the Plant Expansion Board-reserved funds.

After a brief discussion, it was **MOVED** by Trustee Joos, seconded by Trustee Burchardi, and carried by a 5-0-0 roll call vote, to authorize the transfer of \$4,100,000 of unrestricted cash, to be split equally at \$2,050,000 to be added to the Repair and Replace and Plant Expansion Board-restricted reserve accounts.

e) Continuing Disclosure Document & Rate Covenant Coverage for 2020 Series "A" CCWA Bond

Ms. Martone reported that pursuant to the Central Coast Water Authority Bond Indenture, the District is required to annually submit financial information to the Bond Trustees to ensure that the District is complying with the 125% rate covenant requirement of the Bond. Ms. Martone explained that the District met and exceeded the rate covenant requirement at 195%. She reported that the District submitted Fiscal Year 2019-2020 disclosure information to CCWA by the January 8th deadline. Ms. Martone stated that staff will be preparing similar information for the 2004 Series A Bond which will be submitted in March.

- f) Brownstein, Hyatt, Farber & Schreck – Amendment to Agreement for Legal Services
Mr. Garcia reported that the District received a letter dated January 11, 2021 from Brownstein, Hyatt, Farber & Schreck (BHFS), as provided in the Board packet, pertaining to a fee adjustment for legal services provided to the District. He reviewed the letter that discusses the modified hourly rates which will go into effect for legal services beginning January 2021. Mr. Garcia stated that BHFS’s last rate adjustment was six years ago. He indicated that staff was in support of the letter received from BHFS.

Mr. Garcia recommended acceptance of the fee adjustment as set forth in the amended agreement for legal services with Brownstein, Hyatt, Farber and Schreck, LLP.

It was MOVED by Trustee Clay, seconded by Trustee Burchardi, and carried by a 5-0-0 roll call vote to accept and approve the fee schedule as reflected in the January 11, 2021 letter from Brownstein, Hyatt, Farber and Schreck, LLP.

Mr. Garcia expressed his appreciation to Mr. Gary Kvistad and the Brownstein, Hyatt, Farber and Schreck firm for their exceptional level of legal services and support provided to the District over the years. The Board members also expressed their appreciation to Mr. Gary Kvistad.

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

A. CACHUMA PROJECT

1. Water Service Contract No. I75r-1802R and I75r-1802RA – Santa Barbara County Water Agency Request for Long Term Contract

The Board packet included letters dated May 2, 2017 and December 17, 2020 from the County of Santa Barbara to the U.S. Bureau of Reclamation regarding the Renewal of Water Service Contract No. I75r-1802R

Mr. Garcia reported that the Santa Barbara County Water Agency sent a letter to the Bureau of Reclamation requesting that the Cachuma Project Contract I75-1802R be renewed and to initiate negotiations for the next long-term contract. Mr. Garcia stated that he attended a Cachuma Member Unit Managers meeting on January 6, 2021. He explained that there was a brief discussion with the new Manager of the Santa Barbara County Water Agency, Mr. Matt Young, whereby the Cachuma Member Unit managers suggested that it would be productive to have an advance meeting among Reclamation, the Water Agency, and the Cachuma Member Units to review and discuss some of the critical items that will need to be addressed in the next long-term contract. He stated that the negotiations for the next long-term contract may begin within the next six-months.

B. SUSTAINABLE GROUNDWATER MANAGEMENT ACT

1. Eastern Management Area Update

The Board packet included a December 2020 Sustainable Groundwater Management Act Newsletter No. 2.

Mr. Garcia reported that the second newsletter discussing the Sustainable Groundwater Management Act (SGMA) process for the Santa Ynez River Valley Groundwater Basin was released in December. He stated that the newsletter has been circulated in various ways throughout the Basin, and that it was posted on the ID No.1 website and included with the District’s December water bills. Mr. Garcia reported on the current activities of the Eastern Management Area (EMA) Groundwater Sustainability Agency (GSA) and explained that staff continues to be involved in the procedural and substantive aspects of the program. He stated that significant milestones in the SGMA process are on the horizon.

Mr. Garcia stated that the next meeting of the EMA GSA will be a Special Meeting held by video and teleconference on January 21, 2021 at 6:30 p.m.

C. EMERGENCY PREPAREDNESS

1. General Update

Mr. Garcia reported that the District has increased its level of emergency preparedness over the past year. He summarized the protocols that have been developed, and the equipment and materials that are on-hand in the event of an emergency, such as generators, fuel tanks, chlorine, and general materials and supplies. He stated that this level preparedness enables the District to mobilize quickly if the need arises. Mr. Garcia stated the District also has a professional services agreement in place with waterTALENT, LLC, an agency that provides specialty technical staffing services to accommodate utilities with temporary certified operators. He also reported that the District is a member of CalWARN, a statewide California Water/Wastewater Agency Response Network that functions in coordination with the State Office of Emergency Services which provides updated lists of emergency contacts and a database of available equipment and materials. Mr. Garcia indicated that the District continues to review and make modifications to its readiness plans for potential emergency situations.

11. UPDATE FROM ALTERNATIVE POWER/SOLAR AD HOC SUBCOMMITTEE:

Mr. Garcia reported there has been no new activity related to the Alternative Power/Solar Ad Hoc Committee since last the last update. He stated that staff is still waiting for two informal proposals from the two companies that had previously attended site visits with the Ad Hoc Committee and staff. Mr. Garcia reminded the Board that the District has not requested official bid proposals from any company as the District is still in the initial stages of evaluating whether a solar project could provide cost savings to the District for the benefit of ratepayers.

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

The Board packet included newspaper articles from the Santa Ynez Valley Star and the Santa Ynez Valley News, and a news bulletin from the District to all customers regarding the Board of Trustees action in December 2020 to defer the five percent (5%) water rate increase that was scheduled to take effect on January 1, 2021. The Board packet also included a December 14, 2020 newsletter from the Los Olivos Community Services District (LOCSD) providing an update on the proposed wastewater reclamation project; and a December 18, 2020 letter from LOCSD to ID No 1. regarding potential collaboration between ID No.1 and LOCSD. Other Board packet materials included a December 31, 2020 comment letter from the Coachella Valley Water District to the State Water Resources Control Board regarding costs of the proposed Hexavalent Chromium MCL; and the December 2020 Family Farm Alliance Monthly Briefing.

Trustee Clay reported that he had received positive feedback from a few District customers regarding the Board's decision to postpone the water rate increase.

13. CORRESPONDENCE: GENERAL MANAGER RECOMMENDS FILING OF VARIOUS ITEMS:

The Correspondence list was received by the Board.

14. REQUESTS FOR ITEMS TO BE INCLUDED ON THE NEXT REGULAR MEETING AGENDA:

There were no requests from the Board.

15. NEXT MEETING OF THE BOARD OF TRUSTEES:

President Clay stated that the next Regular Meeting of the Board of Trustees is scheduled for February 16, 2021 at 3:00 p.m.

Mr. Garcia announced that the Open Session public participation video and phone lines would be closed for the next thirty (30) minutes to allow the Board to convene into Closed Session. He explained that the public participation video and phone lines would be reopened thirty (30) minutes later for the remaining Agenda items. Mr. Garcia thanked everyone for participating in the video/teleconference and stated that the Open Session meeting would reconvene at 6:15 p.m. to report any action taken during Closed Session.

16. CLOSED SESSION:

The Board adjourned to Closed Session at 5:45 p.m.

A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

[Subdivision (d)(1) of Section 54956.9 of the Government Code - 1 case]

1. Name of Case: Adjudicatory proceedings pending before the State Water Resources Control Board regarding Permit 15878 issued on Application 22423 to the City of Solvang, Petitions for Change, and Related Protests

17. RECONVENE INTO OPEN SESSION:

[Sections 54957.1 and 54957.7 of the Government Code]

The public participation video and phone lines were re-opened at approximately 6:15 p.m. The Board reconvened to Open Session and Ms. Martone conducted roll call at 6:15 p.m. and reported that all Trustees were present when the meeting reconvened to Open Session.

Mr. Garcia announced that the Board met in Closed Session concerning Agenda Item 16.A.1. He stated that there was no reportable action from Closed Session.

18. ADJOURNMENT:

Being no further business, it was **MOVED** by Trustee Joos, seconded by Trustee Burchardi, and carried by a 5-0-0 roll call vote, to adjourn the meeting at approximately 6:17 p.m.

THE JANUARY 19, 2021 REGULAR MEETING MINUTES WERE APPROVED AT THE REGULAR FEBRUARY 16, 2021 MEETING.