

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
IMPROVEMENT DISTRICT NO. 1
FEBRUARY 19, 2019 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, February 19, 2019** in the Conference Room at 1070 Faraday Street, Santa Ynez.

Trustees Present: Kevin Walsh Harlan Burchardi
 Brad Joos Jeff Clay
 Michael Burchardi

Trustees Absent: None

Others Present: Chris Dahlstrom Paeter Garcia Mary Martone
 Karen King Gary Kvistad Eric Tambini
 Frances Komoroske Kevin Crossley Penny Knowles

I. CALL TO ORDER AND ROLL CALL:

President Walsh called the meeting to order at 3:00 p.m., he stated this was a Regular Meeting of the Board of Trustees. Mrs. Martone reported that all of the members of the Board were present.

II. PLEDGE OF ALLEGIANCE:

President Walsh led the Pledge of Allegiance.

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

Mrs. 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 Resolution No. 340 of the District. The affidavit was filed as evidence of the posting of the agenda items contained therein.

IV. CONSIDERATION OF THE MINUTES OF THE REGULAR MEETING OF JANUARY 15, 2019:

The Minutes of the Regular Meeting of January 15, 2019 were presented for consideration.

President Walsh asked if there were any changes or additions to the Regular Meeting Minutes of January 15, 2019. There was one minor correction requested.

It was **MOVED** by Trustee Joos, seconded by Trustee M. Burchardi and carried by a unanimous 5-0-0 voice vote to approve the Regular Meeting Minutes of January 15, 2019 as amended.

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

There were no additions or corrections.

VI. PUBLIC COMMENT:

Ms. Frances Komoroske provided comment to the Board.

VII. CONSENT AGENDA:

The Consent Agenda report was provided in the Board packet.

It was **MOVED** by Trustee M. Burchardi, seconded by Trustee Joos and carried by a 5-0-0 voice vote, to approve the Consent Agenda as presented.

VIII. MANAGER'S REPORT - 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

The Board was provided the Statement of Revenues and Expenses for the month of January in the handout materials.

Mr. Dahlstrom reviewed the Statement of Revenues and Expenses for the month of January. He reported the revenues exceeded the expenses by \$62,081.20 for the month and the year-to-date net income was \$2,276,211.57. Mr. Dahlstrom indicated that water sales were down 18.23% from the prior month due to the recent rainfall. He explained that the monthly revenue included quarterly LAIF interest income and new service fees and all accumulated revenues during the fiscal year will be earmarked and utilized for the annual State Water Project and COMB Bond payments due in June 2019.

b) FY 2018/2019 Six-Month Budget Update

Mr. Dahlstrom reviewed the Six-month Budget Update. He highlighted each budget category and explained that the six-month budget balance reflected revenues exceeding expenses by \$1,847,594.12 six months into the 18/19 fiscal year. Mr. Dahlstrom explained that water sales were up during the first six months of the fiscal year due to typical high usage months occurring July-November. He indicated that water sales will decline over the remaining six months of the fiscal year. Mr. Dahlstrom emphasized that the second half of the fiscal year will also reflect higher expenses related to completion of Construction in Progress items, such as multiple mainline valve replacements, the completion of a new well at the Office site (Well 29), and a combination steel building for the Office Well disinfection and control system, garage bay for the Ditch-witch, and a field crew quarters. Mr. Dahlstrom reiterated the overall revenue outlook remains stable at this point in the fiscal year.

c) Approval of Accounts Payable

The Warrant List was provided in the handout material for Board action. The Warrant List covered warrants 21984 through 22061, for the period of January 16, 2018 through February 19, 2019 in the amount of \$389,015.01.

Ms. Frances Komoroske provided comment to the Board.

It was MOVED by Trustee Joos, seconded by Trustee M. Burchardi and carried by a unanimous 5-0-0 voice vote, to approve the Warrant List as presented.

B. OPERATIONS AND MAINTENANCE

1. Upland Water Well 29 - Update

Mr. Dahlstrom reported that Board approved the contract with Fain Drilling, Inc. at the January 15, 2019 meeting. He stated the well site has been cleared, all permits, and environmental compliance documents filed, and work will commence on February 25th. Mr. Dahlstrom stated that Well 29 will be located at the District Office site and it is anticipated to produce 700-800 gpm once it is up and running. Mr. Dahlstrom explained that the project is anticipated to take four to six weeks, which will include drilling a pilot hole, followed by conductor casing and then testing. Eric Tambini, Water Resources Manager, invited the Board members to stop by the site during the construction to witness the process.

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

A. 2018 Separation Agreement between the Cachuma Operation and Maintenance Board (“COMB”) and SYRWCD, ID No.1

1. Quarterly Itemized Invoices with Financial Backup Materials to ID No.1 at the End of Each Quarter for its 10.31% Share of Actual Net Costs of COMB Performing Certain 2000 BiOp Activities

Mr. Dahlstrom reported the District has received additional backup information on January 18th from COMB regarding the invoices submitted by COMB for expense reimbursement by ID No.1. He indicated that staff is in the process of reviewing the additional documentation; however, he stated that upon first review of the new support materials, there is still no demarcation of what costs are associated with the 2000 BiOp vs. what COMB is doing as fish advocacy. He explained the Separation Agreement specifically addresses detailed descriptions of the actual costs for personnel/labor, operations and maintenance, and other actual net costs incurred by COMB in performing the 2000 BiOp activities. Mr. Dahlstrom briefly discussed the history of ID No.1’s involvement in COMB leading up to the withdrawal on May 27, 2016. He reported that a Separation Agreement was fully executed as of August 28, 2018 by all participating members of COMB. He reported that staff will continue to review and dissect the documentation and set up a conference call with COMB representatives and their Legal Counsel to discuss the invoices and back-up materials.

B. Cachuma Project – U.S. Bureau of Reclamation Continuing Operations

1. Cachuma Project Water Service Contract No. I75r-1802R, Water Deliveries, Exchange Agreement, Entitlement, Water Storage, Accounting, Water Supply Projections

The Board packet included a February 18, 2019 Staff Report discussing the Cachuma Project activities, February 2019 Lake Cachuma Daily Operations, Forecasted Lake Cachuma Storage for 2019, 5-Day Maximum Flow Probabilities on Santa Ynez-Cachuma Dam, February 11, 2019 Santa Barbara County Rainfall and Reservoir Summary, Stetson Engineers Technical Memorandum re: Operating Guidelines for Releases at Bradbury Dam under Fish Passage Supplementation Program, Lake Cachuma topographical maps, Photos of Highway 154 flooding damage, January 29, 2019 Santa Barbara County Board of Supervisors Agenda Letter discussing Water Supply Contracts Updates, current newspaper articles relating to the Santa Barbara County Water Service Contracts, January 10, 2019 Central Coast Water Authority letter discussing the October 1, 2018 to December 31, 2018 Warren Act Trust Fund Payment, January 28, 2019 US Bureau of Reclamation letter discussing Exemption from the Ownership and Full-Cost Pricing Provisions of Federal Reclamation Law and Cachuma Operation and Maintenance Board Draft CAFR Report excerpts.

Mr. Dahlstrom referred to the February 18, 2019 staff report included in the Board packet and stated that all new information is shown in bold type in the report. He reported that the “unaccounted for” water issue continues to be unresolved. He stated there was a gain in prior months then a loss in December indicating an accounting anomaly. Mr. Dahlstrom explained that there has been no response from the Santa Barbara County Water Agency or USBR to reconcile the account and adjust the inequity following two letters that have been sent by ID No.1.

Mr. Dahlstrom reported that ID No.1 will be requesting a full allocation due to the lake level exceeding 100,000 AF with projections of peak storage at nearly 150,000 AF assuming no more rainfall and runoff.

Mr. Dahlstrom provided a historical background of the Cachuma Project Annual Yield, Master Contract terms relating to deliveries, cutbacks and shortages. Mr. Dahlstrom reported the releases for fish passage supplementation began on February 7, 2019

triggered by various conditions in the Santa Ynez River and in accordance with the 2000 BiOp issued by the National Marine Fisheries Service. He stated the initial fish release starts at 60 CFS for Steelhead/rainbow trout passage to the ocean and then ramps down once natural flow conditions recede. The source of the water is the 3,551 af of fish passage account, which USBR is required to account for and make decisions.

Mr. Dahlstrom reported there was significant debris and flood flow that occurred in the tributaries on the north side of the Santa Ynez Range causing catastrophic damage to Highway 154 at Davaul Creek and substantial debris and turbidity into Lake Cachuma at the various other confluences. He explained that the siltation will be quantified with a bathymetric survey which will also determine the changed capacity of the lake. The County OEM has not convened a follow-up meeting to date related to the Whittier Fire and debris flow impacts and remediations measures. He reported that Highway 154 has been closed due to the flood damage and reviewed the photos that were included in the Board packet.

Mr. Dahlstrom stated the USBR evaporation total for December was 161.3 af as compared to the COMB December Water Production Report for evaporation of 59.3 af.

He reported there have been no technical sessions or meetings with Santa Barbara County or USBR have occurred with the Cachuma Member Units to date. Mr. Dahlstrom explained Santa Barbara County Water Agency Manager met with USBR Regional Director and other area office management on January 23, 2019 while at the Water Users Conference. Representatives from ID No.1 attended the Conference but neither the County nor Reclamation invited a Cachuma Member Unit to participate in the meeting. He reported the County continues to advocate for a "renewal" two-party contract between USBR and SB County Water Agency and other specific concerns including the project yield modifications. He stated ID No.1 continues to support a multi-party contract between US Bureau of Reclamation, Santa Barbara County Water Agency and the Cachuma Member Units to assure appropriate representation during the negotiation process and equitable administration of the new contract provisions.

Mr. Dahlstrom reviewed the rainfall totals for the month, the Stetson Technical Memorandum relating to Operating Guidelines for releases from Bradbury Dam, the Forecasted Lake Cachuma Storage Graphs, the topographical map of the Lake and summarized the result of the Santa Barbara County Board of Supervisors meeting.

Mr. Dahlstrom discussed the Contract Assignment with the Department of Water Resources and SB County for the State Water Project.

Ms. Penny Knowles provided comment to the Board.

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

The Board packet included the January 2019 Family Farm Alliance Monthly Briefing newsletter.

The Board packet included three ACWA/JPIA President's Special Recognition Award's relating to low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums" in the Liability Program for the period of 10/1/2014 - 9/30/2017, 4/1/2014 - 3/31/2017 and 7/1/2014 - 6/30/2017.

The Board packet included a January 31, 2019 letter from the Mid-Pacific Region Water Users Conference thanking Chris Dahlstrom for chairing the 52nd Annual Conference in Reno, Nv. Mr. Dahlstrom provided highlights of the conference and reviewed some of the speakers that

attended the conference. He stated that Mr. Paeter Garcia and Trustee Jeff Clay attended the conference as well.

The Board packet included a November 30, 2019 letter from PG&E regarding a savings of \$5,952.83 for the year by participating in the Peak Day Pricing program.

Mr. Dahlstrom stated the District Winter Newsletter is in the final draft review and will be finalized and included in the February billing that will be sent out the first week in March.

Mr. Dahlstrom reported staff is still monitoring the on-going encroachment issues within the District's easements/rights-of-way and access issues to District facilities. He reiterated the District Rules and Regulations specifically address easements and the necessity for 24-hour free access to District facilities without interference. He explained staff has contacted a surveyor to perform a survey of the District easement (legal description and map) at the property on Still Meadow Road, which will cost approximately \$2,000.00. He reported this survey will be complete within the next month. Ms. Frances Komoroske provided comment on this report.

XI. CORRESPONDENCE: GENERAL MANAGER RECOMMENDS THE ITEMS NOT MARKED WITH AN ASTERISK (*) FOR FILE

The Correspondence list was received by the Board.

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

There were no requests from the Board.

XIII. NEXT MEETING OF THE BOARD OF TRUSTEES:

Mr. Dahlstrom stated the next Regular Meeting of the Board of Trustees is scheduled for March 19, 2019 at 3:00 p.m.

XIV. CLOSED SESSION:

The Board adjourned to closed session at 4:56 p.m. to discuss XIV.A. 1., 2., 3., 4 and B.1.

A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

[Subdivision (d)(1) of Section 54956.9 of the Government Code - 3 cases]

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: Adjudicatory proceedings pending before the State Water Resources Control Board regarding Permit 15878 issued on Application 22423 to the City of Solvang regarding petitions for change and extension of time and protests to the petitions
3. Name of Case: Santa Barbara Superior Court Case No. 18CV05437, Santa Ynez River Water Conservation District, Improvement District No.1 v. Holland, et al.
4. Name of Case: Santa Barbara Superior Court Case No. 18CV04084, Stephen L. Harper v. Santa Ynez River Water Conservation District, Improvement District No.1

B. CONFERENCE WITH LEGAL COUNSEL - POTENTIAL LITIGATION

1. Potential initiation of litigation against the Agency
[Subdivision (d)(2) of Section 54956.9 of the Government Code - 1 case]

XV. RECONVENE INTO OPEN SESSION

[Sections 54957.1 and 54957.7 of the Government Code]

The Board reconvened to open session at 5:58 p.m. Mr. Garcia, District Legal Counsel, announced there was no reportable action on Agenda items XIV.A. 1., 2., 3. 4 and B.1.

XVI. ADJOURNMENT:

Being no further business, it was **MOVED** by Trustee M. Burchardi, seconded by Trustee Joos and carried by a unanimous 5-0-0 voice vote, to adjourn the meeting at 6:00 p.m.

THE FEBRUARY 19, 2019 MINUTES WERE APPROVED AT THE MARCH 19, 2019 REGULAR MEETING.