

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

Trustees Present:	Harlan Burchardi	Michael Burchardi	
	Brad Joos	Jeff Clay	
Trustees Absent:	Kevin Walsh		
Others Present:	Paeter Garcia	Mary Martone	Karen King
	Gary Kvistad	Eric Tambini	Frances Komoroske
	Kevin Crossley		

I. CALL TO ORDER AND ROLL CALL:

Vice President Clay 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 four members of the Board were present and Trustee Walsh was absent.

II. PLEDGE OF ALLEGIANCE:

Vice President Clay 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 FEBRUARY 19, 2019:

The Minutes of the Regular Meeting of February 19, 2019 were presented for consideration.

Vice President Clay asked if there were any changes or additions to the Regular Meeting Minutes of February 19, 2019. There was one minor correction requested.

It was **MOVED** by Trustee H. Burchardi, seconded by Trustee M. Burchardi and carried by a unanimous 4-0-0 voice vote, with Trustee Walsh absent, to approve the Regular Meeting Minutes of February 19, 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.

Mr. Paeter Garcia, District Legal Counsel, reviewed the information included in the Consent Agenda Report for the month of March.

It was **MOVED** by Trustee Joos, seconded by Trustee H. Burchardi, and carried by a unanimous 4-0-0 voice vote, with Trustee Walsh absent, 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 February in the handout materials.

Mrs. Martone reviewed the Statement of Revenues and Expenses for the month of February. She reported the expenses exceeded the revenues by \$331,113.10 for the month and the year to date net income is \$1,932,983.03. Mrs. Martone reported the water sales were down by 11.4% from the month of January and the water production was 80 AF less for the month which is significantly less than the 10-year running average and the lowest over the last 20 years. Mrs. Martone reported the Statement of Revenues and Expenses also reflect expenses for Construction in Progress projects for the Well 29 drilling project and a mainline valve installation which were approved as part of the FY 2018/2019 budget. She indicated that the year-to-date surplus revenue will be utilized to cover the District's annual State Water Project and 2004 Series A Bond payment which are due in June.

b) 2018 Government Compensation Report Filing

Mrs. Martone reported that Government Code 53891 requires cities, counties and Special Districts to submit an annual Government Compensation report to the State Controller's Office. She stated that the District has satisfied the requirement by submitting its electronic report on March 6, 2019.

Ms. Frances Komoroske provided comment to the Board.

c) 2004 Series A Bond Disclosure

Mrs. Martone reported that pursuant to the District 2004 Series A 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. Mrs. Martone explained that the District met and exceeded the rate covenant requirement at 11.03% for fiscal year 2017-18. She indicated that the District submitted FY 2017-2018 disclosure information to the Bank of New York on February 15, 2019. She reported this Bond will be paid off in the year 2023.

d) Approval of Accounts Payable

The Warrant List was provided in the handout material for Board action. The Warrant List covered warrants 22062 through 22134, for the period of February 20, 2019 through March 19, 2019 in the amount of \$953,742.39.

It was **MOVED** by Trustee Joos, seconded by Trustee M. Burchardi and carried by a 4-0-0 voice vote, with Trustee Walsh absent, to approve the Warrant List as presented.

B. OPERATIONS AND MAINTENANCE

1. Upland Water Well 29 – Update

Mr. Garcia reported on the Well 29 drilling project. He stated work commenced the last week of February and has progressed with a pilot hole, placement of a sanitary seal, casing and screen, and was currently in the well development phase. He indicated there are several steps yet to be completed, such as pump testing, water sampling, power installation and incorporation of the new well into the distribution system.

2. Zone 3 Reservoir - Update

Mr. Garcia reported on the Zone 3 Reservoir cleaning project. He reported the Reservoir has been drained, inspected, cleaned and put back into service as part of the District's routine maintenance. He stated the inspection report was positive and there were no leaks or repairs needed. Mr. Eric Tambini, Water Resources Manager, expressed his appreciation to the District staff for their participation in the project.

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. Garcia reported that staff is continuing to work on reviewing the additional backup information submitted by COMB for the actual net costs of COMB performing certain 2000 BiOp activities. He stated that last month Mr. Dahlstrom reported to the Board that additional backup information had been provided by COMB, however, upon review there was no clear demarcation of which costs are directly attributable to work under the 2000 BiOp. Mr. Garcia explained that the Separation Agreement specifically addresses and requires detailed descriptions of the actual net costs for personnel/labor, operations and maintenance, and other costs incurred by COMB in performing the 2000 BiOp activities, wherein ID No.1 is responsible for paying its 10.31% share of the actual net costs as outlined in the Separation Agreement. Mr. Garcia indicated that he will continue to review the documentation and contact Ms. Janet Gingras, COMB General Manager, and their Legal Counsel to work through this process. He stated the goal is to amicably and cooperatively get to a reasonable level of invoicing that enables ID No.1 to discern what actual net costs are incurred by COMB is carrying out work that is specifically required under the 2000 BiOp. Mr. Garcia explained that the Separation Agreement also includes a dispute resolution process for any expenses that ID No.1 disputes. Mr. Garcia stated he would provide further information to the Board as it becomes available.

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 March 13, 2019 USBR Lake Cachuma Daily Operations report, March 2019 Forecasted Lake Cachuma Storage for 2019 graph, Santa Barbara County Flood Control District Rainfall and Reservoir Summary for March 12, 2019, March 13, 2019 Santa Barbara County Public Works Department Flood Control re: Cachuma Reservoir 2019 Mid-Year Allocation Request, March 1, 2019 Cachuma Project Member Units letter to SB County Water Agency re: Cachuma Project Water Year 2018-2019 Mid-Year Allocation and a March 5, 2019 Noozhawk article titled "Santa Barbara County, Water Agencies Clash on Ending Drought Emergency Proclamation."

Mr. Garcia reviewed the current storage in Lake Cachuma, rainfall totals for the month, forecasted Lake Cachuma storage graphs and an update on the Cachuma Project allocation. He discussed the current correspondence included in the packet from the Cachuma Project Member Units to the Santa Barbara County Water Agency (Water Agency), as well as the Water Agency's March 13th letter to the United States Bureau of Reclamation (USBR) discussing the Cachuma Reservoir 2019 Mid-Year Allocation Request. Mr. Garcia explained that the Cachuma Member Units originally requested a 40% allocation prior to the beginning of the Water Year which began in October 2018.

However, due to recent storm activities and the current level of the Lake, on March 1st the Member Units collectively requested that the Water Agency forward their request to USBR for a 100% full allocation or 25,714 af for Water Year 2018-2019. Mr. Garcia noted that the Water Agency sent a March 13th letter to USBR on behalf of the Member Units requesting the full allocation for the remaining months of the Water Year. Mr. Garcia indicated that to date there has been no response from USBR.

Mr. Garcia briefly discussed a recent Santa Barbara County Board of Supervisors Meeting where they addressed local drought conditions and ending the County's Drought Emergency Proclamation.

C. Santa Barbara County Integrated Regional Water Management Plan Update 2019

1. Staff Report

The Board packet included a March 19, 2019 Staff Report discussing the Integrated Regional Water Management Plan Update 2019.

Mr. Garcia summarized the staff report that included historical background information on the Santa Barbara County Integrated Regional Water Management Plan (Plan). He also reviewed the Executive Summary and Memorandum of Understanding that were included in the Board packet. He reported that ID No.1 has been a cooperating partner of the Santa Barbara County IRWM Program for years. He stated that the Santa Barbara County Water Agency approved a Plan update on February 26, 2019 and requested that all cooperating partners approve the Plan update for 2019. He explained that the update is in accordance with the funding guidelines issued by the Department of Water Resources. Mr. Garcia stated the Board approved and executed a Memorandum of Understanding to participate in the Countywide Integrated Regional Water Management Program on April 18, 2018.

Board discussion ensued including the cost to participate in the program, potential liabilities, participation, funding opportunities and eligible projects available for funding.

2. Resolution 784 – *A Resolution of the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement No. 1 Approving and Supporting the Santa Barbara County Water Agency's Approval of the Santa Barbara County Integrated Regional Water Management Plan Update 2019*

The Board packet included draft resolution 784.

Mr. Garcia recommended adoption of Resolution 784 approving and supporting the Santa Barbara County Water Agency's approval of the Santa Barbara County IRWM Plan Update for 2019.

It was **MOVED** by Trustee H. Burchardi and seconded by Trustee M. Burchardi, with Trustee Walsh absent, to adopt Resolution No. 784 Approving and Supporting the Santa Barbara County Water Agency's Approval of the Santa Barbara County Integrated Regional Water Management Plan Update 2019.

The Resolution was adopted and carried by the following 4-0-0 roll call vote:

AYES, Trustees:

Harlan Burchardi
Michael Burchardi
Brad Joos
Jeff Clay

NOES, Trustees:	None
ABSENT, Trustees:	Kevin Walsh

D. Sustainable Groundwater Management Act

1. Eastern Management Area Update

Mr. Garcia provided an update on the Eastern Management Area (EMA) activities. He reported there was a kick-off meeting held on March 7, 2019 with each of the parties of the EMA attending at the Parent District Office. He stated representatives from ID No.1, City of Solvang, Santa Barbara County Water Agency, and Santa Ynez River Water Conservation District (Parent District) were in attendance, as well as the consultant GSI, who was hired by the County Water Agency. He reported that the consultant provided an overview of their approach, timeline, detailed scope of work and sub-tasks. Mr. Garcia stated ID No.1 is going to be involved throughout the whole process as a member of the EMA Groundwater Sustainability Agency and the Board will be provided updates on a regular basis. Mr. Garcia reviewed the appointed representatives for the City of Solvang, ID No.1, the County Water Agency, and the Parent District.

E. State Regulatory Matters

1. Proposed Statewide Water Tax (Budget Trailer Bill) vs. SB 669 Safe Drinking Water Fund

The Board packet included a February 22, 2019 ACWA Outreach Alert discussing Safe Drinking Water Trust/Drinking Water Tax (SB669), SB669 Water Quality: Safe Drinking Water Fund and Environmental Justice – Safe and Affordable Drinking Water and Exide Cleanup dated February 1, 2019.

Mr. Garcia reviewed ACWA's News Alert that focused on support of Senate Bill 669, which would create a Safe Drinking Water Trust that will help community water systems in disadvantaged communities provide access to safe drinking water. He indicated that SB 669 is an alternative to the statewide tax on drinking water as proposed by the Governor of California. Mr. Garcia explained that SB 669 would create a trust in the State Treasury and funded with General Fund dollars during State budget surplus years. The principal would be invested and the net income from the Trust would be transferred to a Safe Drinking Water Fund, which the State Water Resources Control Board would administer. He indicated ACWA is requesting that member agencies consider taking action to support Senate Bill 669.

After a brief discussion, it was **MOVED** by Trustee H. Burchardi, seconded by Trustee M. Burchardi and carried by a 4-0-0 voice vote, with Trustee Walsh absent, to direct staff to send a letter of support for Senate Bill 669 (Caballero: Safe Drinking Water Trust).

2. Hexavalent Chromium (Cr6)

Mr. Garcia discussed the State of California drinking water standards relating to Hexavalent Chromium (Cr6) maximum contaminant level (MCL). He reported staff is preparing for the re-occurrence of a 2014 State law that required water purveyors to reduce levels of Cr6 from 50 ppb to 10 ppb. He stated that the Sacramento Superior Court found that the California Department of Public Health failed to properly consider the economic feasibility of compliance and required the State to temporarily reverse the the 10 ppb MCL regulation in September 2017. Mr. Garcia discussed the potential return of these restrictive regulations. He stated that a white paper from State officials is expected to be released in the near future which will provide more detail on the economic feasibility of the Cr6 MCL.

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 District Winter Newsletter. Mr. Garcia reported that the newsletter was mailed the first week of March to all District customers with their February billing statements. He explained that the newsletter has been posted on the District's website as well. He expressed his appreciation to Mr. Dahlstrom and to Trustee Joos for their hard work on the newsletter.

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. Garcia stated the next Regular Meeting of the Board of Trustees is scheduled for April 16, 2019 at 3:00 p.m.

XIV. CLOSED SESSION:

The Board adjourned at 5:01 p.m. for a brief recess. At 5:11 p.m., the Board reconvened and adjourned to closed session to discuss XIV.A. 1., 2., and 3.

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.

XV. RECONVENE INTO OPEN SESSION:

[Sections 54957.1 and 54957.7 of the Government Code]

The Board reconvened to open session at 6:09 p.m. Mr. Garcia, District Legal Counsel, announced there was no reportable action on Agenda items XIV.A. 1., 2., and 3.

XVI. ADJOURNMENT:

Being no further business, it was MOVED by Trustee Mike Burchardi, seconded by Trustee Harlan Burchardi and carried by a unanimous 4-0-0 voice vote, with Trustee Walsh absent, to adjourn the meeting at 6:10 p.m.

THE MARCH 19, 2019 REGULAR MEETING MINUTES WERE APPROVED AT THE APRIL 16, 2019 REGULAR MEETING.