

AGENDA

Regular Meeting of the BOARD OF TRUSTEES

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

will be held at **3:00 P.M., Tuesday, June 18, 2019**

at 1070 Faraday Street, Santa Ynez, Ca. - Conference Room

- I. CALL TO ORDER AND ROLL CALL
- II. PLEDGE OF ALLEGIANCE
- III. REPORT BY THE SECRETARY TO THE BOARD REGARDING COMPLIANCE WITH THE REQUIREMENTS FOR POSTING OF THE AGENDA
- IV. CONSIDERATION OF THE MINUTES OF THE SPECIAL MEETING OF MAY 23, 2019
- V. CONSIDERATION OF THE MINUTES OF THE SPECIAL MEETING OF MAY 29, 2019
- VI. ADDITIONS OR CORRECTIONS, IF ANY, TO THE AGENDA
- VII. PUBLIC COMMENT - Any member of the public may address the Board relating to any non-agenda matter within the District's jurisdiction. The total time for all public participation shall not exceed fifteen (15) minutes and the time allotted for each individual shall not exceed three (3) minutes. The District is not responsible for the content or accuracy of statements made by members of the public. No Action will be taken by the Board on any public comment item.
- VIII. CONSENT AGENDA - All items listed on the Consent Agenda are considered to be routine and will be approved or rejected in a single motion without separate discussion. Any item placed on the Consent Agenda can be removed and placed on the Regular Agenda for discussion and possible action upon the request of any Trustee.
 - CA-1. Water Supply and Production Report
 - CA-2. Status of WR 89-18 Above Narrows Account
 - CA-3. Report on State Water Project – Central Coast Water Authority Activities
 - CA-4. Status of State Water Resources Control Board Permits, Environmental Compliance and Hearings Update
 - CA-5. National Marine Fisheries Service – September 7, 2000 Biological Opinion for Cachuma Project Continuing Operations
 - CA-6. Cachuma Project and Water Service Contract Update
 - CA-7. Update on Security Measures for Water Utilities
- IX. MANAGER'S REPORT - STATUS, DISCUSSION AND POSSIBLE BOARD ACTION ON THE FOLLOWING SUBJECTS:
 - A. DISTRICT ADMINISTRATION - (Est. 1 1/2 Hours)
 1. Financial Report on Administrative Matters
 - a) Presentation of Monthly Financial Statements – Revenues and Expenses
 - b) Approval of Accounts Payable
 2. Appropriation Limit for the 2019/2020 Fiscal Year - Article XIII B (Proposition 13)
 - a) Resolution 788: *A Resolution of the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1 Establishing the Appropriation Limit for the 2019-2020 Fiscal Year Pursuant to Article XIII B of the California Constitution*
 3. Consider Adoption of Fiscal Year 2019/2020 Budget
 - a) Final Budget Summary
 - b) Resolution 789: *A Resolution of the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1 Adopting the 2019-2020 Budget and Requesting an Assessment Levy Required to Collect \$875,000 for Contract Obligations*
 4. Resolution No. 790: *A Resolution of the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No.1 Acknowledging the Contributions and Appreciation of Service – Trustee Kevin Walsh*
 5. District Properties and Infrastructure Easements

B. OPERATIONS AND MAINTENANCE

1. Water Line Replacement Project – Phase 2
2. Office Well Treatment and Operations Building

X. REPORT, DISCUSSION AND POSSIBLE BOARD ACTION ON THE FOLLOWING SUBJECTS: (Est. ½ Hour)

A. 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
2. 2020 Water Service Contract

B. Sustainable Groundwater Management Act

1. Eastern Management Area Update

XI. 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

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

XIII. REQUESTS FOR ITEMS TO BE INCLUDED ON THE NEXT REGULAR MEETING AGENDA: Any member of the Board of Trustees may place an item on the meeting agenda for the next regular meeting. Any member of the public may submit a written request to the General Manager of the District to place an item on a future meeting agenda, provided that the General Manager and the Board of Trustees retain sole discretion to determine which items to include on meeting agendas.

XIV. NEXT MEETING OF THE BOARD OF TRUSTEES: The next Regular Meeting of the Board of Trustees is scheduled for **July 16, 2019 at 3:00 p.m.**

XV. CLOSED SESSION - The Board will hold a closed session to discuss the following items:

A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

[Subdivision (d)(1) of Section 54956.9 of the Government Code – 4 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. 19CV01873, Cachuma Operation and Maintenance Board 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]

C. PUBLIC EMPLOYEE PERFORMANCE EVALUATION: Title - General Manager [Section 54957 of the Government Code]

D. CONFERENCE WITH LABOR NEGOTIATOR: JEFF DINKIN – STRADLING, YOCCA, CARLSON & RAUTH; Unrepresented Employee - General Manager [Section 54957.6 of the Government Code]

XVI. RECONVENE INTO OPEN SESSION

[Sections 54957.1 and 54957.7 of the Government Code]

XVII. Consideration and Approval of General Manager Compensation

XVIII. ADJOURNMENT

This Agenda was posted at 3622 Sagunto Street, Santa Ynez, California and notice was delivered in accordance with Government Code Section 54954. This Agenda contains a brief general description of each item to be considered. The Board reserves the right to change the order in which items are heard. Copies of the staff reports or other written documentation relating to each item of business on the Agenda are on file with the District and available for public inspection during normal business hours. A person who has a question concerning any of the agenda items may call the District's General Manager at (805) 688-6015. Written materials relating to an item on this Agenda that are distributed to the Board of Trustees within 72 hours (for Regular meetings) or 24 hours (for Special meetings) before it is to consider the item at its regularly or special scheduled meeting(s) will be made available for public inspection at 3622 Sagunto Street, during normal business hours. Such written materials will also be made available on the District's website, subject to staff's ability to post the documents before the regularly scheduled meeting. If you challenge any of the Board's decisions related to the agenda items above in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence to the Board prior to the public hearing. In compliance with the Americans with Disabilities Act, if you need special assistance to review agenda materials or participate in this meeting, please contact the District Secretary at (805) 688-6015. Notification 72 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
 IMPROVEMENT DISTRICT NO. 1
MAY 23, 2019 SPECIAL MEETING MINUTES

A Special Meeting of the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1, was held at 6:00 p.m. on Thursday, May 23, 2019 in the Conference Room at 1070 Faraday Street, Santa Ynez.

Trustees Present: Harlan Burchardi Michael Burchardi Brad Joos
 Jeff Clay (via teleconference)

Trustees Absent: None

Others Present: Paeter Garcia Mary Martone Gary Kvistad
 Karen King Eric Tambini Lori Parker
 Frances Komoroske Kevin Crossley Brian Schultz
 Raiza Giorgi Amber Thompson Cyndy Allen
 Art Hibbits Brett Marymee Bill Buelow
 Mark Altshuler Kevin Walsh

I. CALL TO ORDER AND ROLL CALL:

Trustee Joos called the meeting to order at 6:00 p.m. and stated this was a Special Meeting of the Board of Trustees. Mrs. Martone reported that four members of the Board were present, with Trustee Clay participating via teleconference from the Pono Kai Resort - 4-1250 Kuhio Hwy, Kapaa, HI 96746.

II. PLEDGE OF ALLEGIANCE:

Trustee Joos 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, specifically Section 54956 relating to noticing for a Special Meeting and also pursuant to Resolution No. 340 of the District. The affidavit is filed as evidence of the posting of the agenda items contained therein.

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

There were no additions or corrections.

Mr. Paeter Garcia provided an overview regarding process to be followed for the remainder of the meeting, including differences between and the time for public comments that may be provided under agenda item V (public comment relating to any non-agenda matter within the District's jurisdiction) and agenda item VI (Board of Trustees, Division 3 vacancy).

V. PUBLIC COMMENT:

There was no public comment.

VI. BOARD OF TRUSTEES - DIVISION 3 VACANCY:

Mr. Garcia reported that the Public Notice of Trustee Vacancy was posted on April 26, 2019 and that applications were due by 5:00 p.m. on May 13, 2019. He stated that two applications were submitted to the District by the May 13 deadline and that the Board of Trustees has copies of the applications. Mr. Garcia reported that no other applications were submitted.

DRAFT

1 Mr. Garcia stated that both applicants are customers of ID No.1. Mr. Garcia reported that he had
2 contacted both applicants by telephone to see if there was anything staff needed to report to the Board
3 regarding the potential for actual or perceived conflicts that may exist by virtue of any prior or current
4 work or experience either of the applicants may have with agencies on the south coast or within the
5 Santa Ynez Valley. Mr. Garcia reported that based on his conversations with the applicants, he sees
6 nothing that needs to be presented to the Board at this time with regard to work related conflicts
7 involving either of the applicants.
8

9 Trustee Joos inquired whether the candidates were present at the meeting. Mr. Garcia reported that
10 Ms. Parker was present and that Mr. Cullen indicated, as the Board is aware, that he was unable to
11 attend the meeting, although he was available to answer any questions or discuss his candidacy. Mr.
12 Garcia noted that he had contacted Mr. Cullen regarding potential conflicts as previously discussed.
13

14 Trustee Joos called for public comment. Mr. Hibbits asked whether the applicant not present at the
15 meeting was informed of the date of the meeting at the time he applied. Mr. Garcia reported that the
16 date and time of this meeting was announced one week ago last Thursday, May 16. No other public
17 comments were submitted and the public comment period was closed.
18

19 The Board discussed the candidates and their applications.
20

21 Following Board discussion, it was **MOVED** by Trustee H. Burchardi, seconded by Trustee M.
22 Burchardi and carried by a 4-0-0 voice vote to recommend to the Santa Ynez River Water
23 Conservation District (Parent District) for Ms. Lori Parker to fill the Division 3 Trustee position of the
24 Santa Ynez River Water Conservation District, Improvement District No.1.
25

26 **VII. ADJOURNMENT:**

27 Being no further business, it was **MOVED** by Trustee M. Burchardi, seconded by Trustee H. Burchardi
28 to adjourn the meeting at 6:24 p.m.
29
30

31 **RESPECTFULLY SUBMITTED,**
32
33

34 _____
35 Mary Martone, Secretary to the Board
36
37

38 **ATTEST:** _____
39 Jeff Clay, Vice President
40
41

42 **MINUTES PREPARED BY:**
43 _____
44 Karen King, Board Administrative Assistant
45
46

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
IMPROVEMENT DISTRICT NO. 1
MAY 29, 2019 SPECIAL MEETING MINUTES

Agenda Item V.

A Special 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 Wednesday, May 29, 2019 in the Conference Room at 1070 Faraday Street, Santa Ynez.

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

Trustees Absent: None

Others Present: Chris Dahlstrom Paeter Garcia Mary Martone
Karen King Gary Kvistad Eric Tambini
Frances Komoroske Kevin Crossley Chip Wullbrandt
Raiza Giorgi Tamara Rowles Susan Dahlstrom
Fred Kovol Unidentified Guest

I. CALL TO ORDER AND ROLL CALL:

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

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, specifically Section 54956 relating to noticing for a Special Meeting and also pursuant to Resolution No. 340 of the District. The affidavit is filed as evidence of the posting of the agenda items contained therein.

IV. CONSIDERATION OF THE MINUTES OF THE REGULAR MEETING OF APRIL 16, 2019:

The Minutes of the Regular Meeting of April 16, 2019 were presented for consideration.

Vice President Clay asked if there were any changes or additions to the Regular Meeting Minutes of April 16, 2019.

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 April 16, 2019.

After the motion passed, Trustee H. Burchardi requested one minor change to the April 16, 2019 minutes.

It was **MOVED** by Trustee H. Burchardi, seconded by Trustee Joos, and carried by unanimous 5-0-0 voice vote, to approve the April 16, 2019 minutes as corrected.

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

There were no additions or corrections.

VI. PUBLIC COMMENT:

There was no public comment.

1 VII. CONSENT AGENDA:

2 The Consent Agenda report was provided in the Board packet.

3
4 Mr. Dahlstrom summarized the information included in the Consent Agenda Report for the month
5 of April.

6
7 It was MOVED by Trustee M. Burchardi, seconded by Trustee Joos, and carried by a unanimous 5-
8 0-0 voice vote to approve the Consent Agenda as presented.

9
10 VIII. MANAGER'S REPORT - STATUS, DISCUSSION AND POSSIBLE BOARD ACTION ON THE FOLLOWING
11 SUBJECTS:

12 A. DISTRICT ADMINISTRATION:

13
14 1. Board of Trustees Reorganization

15 a) Selection of Officers - President & Vice President

16 Mr. Dahlstrom reported that due to the resignation of Kevin Walsh and the recent
17 appointment of Ms. Lori Parker there is a need to reorganize the Board of Trustees
18 positions for the seats of President and Vice President. He explained that the process
19 for electing officers is based on nomination and vote by the Board members.

20
21 Vice President Clay called for nominations from the Board.

22
23 Trustee H. Burchardi nominated Trustee Clay as President and Trustee Joos as Vice
24 President. Trustee M. Burchardi seconded the nominations. There being no further
25 nominations, Vice President Clay closed the nominations.

26
27 Trustee H. Burchardi MOVED to elect Trustee Clay as President and Trustee Joos as Vice
28 President of the District's Board of Trustees. Trustee M. Burchardi seconded the motion;
29 it was carried by a unanimous 5-0-0 voice vote.

30
31 2. Financial Report on Administrative Matters

32 a) Presentation of Monthly Financial Statements - Revenues and Expenses

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

35
36 Mr. Dahlstrom reviewed the Statement of Revenues and Expenses for the month of
37 April. He reported the revenues exceeded the expenses by \$445,475.35 for the month of
38 April and the year-to-date net income is \$2,346,325.55. Mr. Dahlstrom reported that the
39 surplus in revenue at the month-end was due to a combination of revenues received
40 from the second installment of the Special Tax Assessment and the quarterly interest
41 income from the Local Agency Investment Fund (LAIF) account. Mr. Dahlstrom
42 indicated that the year-to-date surplus revenues will be reduced by \$1,300,000+ in order
43 to pay the District's annual State Water Project and COMB Bond payments due on June
44 1, 2019.

45
46 b) Approval of Accounts Payable

47 The Warrant List was provided in the handout material for Board action. The Warrant
48 List covered warrants 22211 through 22304, for the period of April 17, 2019 through
49 May 29, 2019 in the amount of \$4,737,340.89. Mr. Dahlstrom reported that a large
50 portion of the accounts payable total for the month is attributed to the Annual State
51 Water Project invoices for both ID No.1 and Solvang.

52
53 Ms. Frances Komoroske and Mr. Chip Wullbrandt provided public comments to the
54 Board. Mr. Garcia provided clarifications following public comments.

1 It was MOVED by Trustee M. Burchardi, seconded by Trustee Joos and carried by a 5-
2 0-0 voice vote, to approve the Warrant List as presented.

3
4 3. Fiscal Year 2019/2020 Preliminary Budget

5 The Board packet included a Staff Report discussing the Fiscal year 2019/2020 Preliminary
6 Budget.

7
8 Mr. Dahlstrom presented the Preliminary 2019/2020 Budget. He explained that the
9 Preliminary Budget was developed by utilizing the Board-adopted 2016 Water Financial
10 Plan & Rate Study as the baseline for identifying water sales revenues which was then
11 adjusted by factoring in 9-month 2018/19 actual water sales with year-end projections that
12 reflect overall water sales revenue of 1% less than budgeted in 2018-19. Mr. Dahlstrom
13 reported the budget revenues also include the Ad Valorem Special Tax Assessment. He
14 explained that the proposed revenues are anticipated to be sufficient to meet the District's
15 Operations & Maintenance, General & Administrative, Debt Service, and a portion of
16 Construction-In-Progress expenses, with the remaining balance coming from Reserve
17 Funds.

18
19 Mr. Dahlstrom reviewed all budget categories, highlighting notable changes from the prior
20 year's budget. He explained that historically revenues included the Ad Valorem Special
21 Tax Assessment on land value only; however, the Tax was suspended in May of 2011 when
22 a prior Board acted to reduce revenues by suspending the Tax and water rate increases. He
23 stated the suspension of the Ad Valorem Special Tax resulted in a loss of \$5 million dollars
24 over five years, which forced the District to utilize Board adopted Reserves to make up for
25 the loss of the Ad Valorem Special Tax revenues and the suspension of water rates. He
26 indicated that the current Board re-established the collection of the Ad Valorem Special Tax
27 Assessment in FY2016/2017.

28
29 Board discussion ensued. Comments and questions included Trustee Clay inquiring about
30 the required minimum amount of Reserves that was previously recommended by the
31 District's financial consultants and Trustee Joos commenting on about the possibility of not
32 increasing water rates in January 2020, as well as the rising cost of purchasing water from
33 the Cachuma Project and State Water Project which directly impact the water rates and
34 District budget.

35
36 Mr. Dahlstrom explained that a study of the District's Reserves was performed in 2013 by
37 Fieldman, Rolapp & Associates who at that time recommended that the District, as a public
38 agency, maintain a minimum of one year of operating reserve or \$11 million dollars, in the
39 case of an emergency.

40
41 Mr. Dahlstrom reported that the adopted 2016 Water Rate Study called for an incremental
42 increase in the Ad Valorem Special Tax to \$1,125,000 by FY 2019/2020; however, the
43 Preliminary Budget proposes no increase to the Ad Valorem Special Tax Assessment, which
44 remains at \$875,000 for the fiscal year due to the upward recovery trend that the District is
45 currently experiencing.

46
47 Mr. Dahlstrom reported that staff is currently coordinating with Bartle Wells Associates to
48 certify the 2016 Water Rate Analysis which is anticipated to be completed by December 2019
49 and provided to the Board prior to implementing any rate increases effective January 2020
50 in accordance with the adopted Water Rate Study. He stated that the Board will be
51 presented with the rate analysis findings, at which time the Board can determine if rate
52 increases at or below the adopted 2016 Water Rate Study will go into effect in January 2020.
53

1
2 Ms. Frances Komoroske, Mr. Fred Kovol and Mr. Chip Wullbrandt provided public
3 comments to the Board.
4

5 Mr. Dahlstrom explained that the FY 2019/20 Preliminary Budget was developed with the
6 intent of focusing on the deferred maintenance and capital programs that have been set
7 aside for years due to budget constraints. He indicated that it is important for ID No.1 to
8 focus on fixing and maintaining its infrastructure now as opposed to fixing emergency
9 issues, which would cost substantially more.
10

11 Mr. Dahlstrom asked the Board to review the Preliminary Budget and provide any comment
12 or direction to Management within the next two weeks for possible incorporation into the
13 Final FY 2019/2020 Budget which will be presented at the June 18, 2019 Regular Meeting.
14

15 The Board thanked Mr. Dahlstrom and Mrs. Martone for their hard work in preparing the
16 2019/2020 Preliminary Budget.
17

18 4. Setting the Appropriation Limit for the 2019/2020 Fiscal Year - Article XIII B (Proposition
19 13)

20 a) California Department of Finance Calculations for 2019/2020 Appropriation
21 Limitations

22 The Board packet included the FY 2019/2020 Appropriation Limitation Calculation
23 and a May 1, 2019 Department of Finance letter regarding Price Factor and Population
24 Information.
25

26 Mr. Dahlstrom explained that in consideration of determining an appropriation it is a
27 requirement to read the appropriation language related to Proposition 4, which states
28 that appropriation limits are based on population percentage. Mr. Dahlstrom
29 announced that *"Pursuant to Section 7910 of the California Government Code, a resolution*
30 *will be presented for adoption by the Board of Trustees at its Regular meeting on June 18, 2019,*
31 *which will set the limitations on appropriations for fiscal year 2019/20 under Article XIII B of*
32 *the Constitution of the State of California (Proposition 13), and that the documentation used in*
33 *determining the appropriation limitations will be available in the District office for examination*
34 *by the public for at least 15 days prior to the adoption of the proposed resolution."*
35

36 Mr. Dahlstrom explained the appropriation calculations as provided by the State of
37 California Department of Finance and how the calculations are applied to the District's
38 Ad Valorem Special Tax Assessment limitations. He indicated that based on the
39 computations for the appropriation limitation, the District's FY 2019/2020 maximum
40 limitation amount is \$1,979,424. Mr. Dahlstrom explained that this year the per capita
41 personal income factor was 3.85% and the population change was .43%. He reiterated
42 that although the District can request up to the limitation amount for the Ad Valorem
43 Special Tax Assessment, the FY 2019/2020 Budget proposes no increase this year, with
44 it remaining at \$875,000. The working calculations were included in the Board packet
45 for review and discussion.
46

47 b) Review of Draft Resolutions to be presented for adoption at the June 18, 2019 Board
48 Meeting

49 The Board packet included a Draft Resolution to Establish the Appropriation Limit for
50 FY 2019/2020 and Draft Resolution to Adopt the FY 2019/2020 Budget and Request an
51 Assessment Levy for Contract Obligations.
52

53 Mr. Dahlstrom explained that each year two draft resolutions accompany the
54 Appropriations Limit determination and action on the Fiscal Year Budget.
55

- 1 1. Draft Resolution 7XX: *A Resolution of the Board of Trustees of the Santa Ynez River*
2 *Water Conservation District, Improvement District No. 1 Establishing the Appropriation*
3 *Limit for the 2019-2020 Fiscal Year Pursuant to Article XIII B of the California Constitution*
4
- 5 2. Draft Resolution 7XX: *A Resolution of the Board of Trustees of the Santa Ynez River*
6 *Water Conservation District, Improvement District No. 1 Adopting the 2019-2020 Budget*
7 *and Requesting an Assessment Levy Required to Collect \$875,000 for Contract Obligations*
8

9 Mr. Dahlstrom informed the Board the two draft resolutions would be presented
10 for consideration at the June 18, 2019 Regular Meeting.

- 11
- 12 c) Authorization to Post Notice and Make Public the 2019/2020 Appropriation
13 Limitation Calculation
14 The Board packet included the FY2019/2020 Appropriation Limitation Calculation
15 and the Public Notice.
16

17 Mr. Dahlstrom requested Board authorization for the Secretary to the Board of Trustees
18 to post the Public Notice setting the limit of appropriations. He indicated that this
19 process is required at least 15 days prior to adoption of the proposed resolution and is
20 typically noticed in the Santa Ynez Valley newspaper and posted at the District office
21 for public review and comment. He reported the Public Notice would be posted in the
22 newspaper publications on June 6, 2019 and June 13, 2019 and posted in the District
23 office on May 30, 2019. The Board reviewed the Public Notice.
24

25 It was **MOVED** by Trustee Joos, seconded by Trustee Parker and carried by a
26 unanimous 5-0-0 voice vote to authorize the Secretary to the Board to post and publish
27 the Public Notice to set the limit of appropriations pursuant to Article XIII B of the
28 Constitution of the State of California for the District for Fiscal Year 2019/2020 as
29 required on May 30, 2019, June 6, 2019 and June 13, 2019.
30

31 5. Personnel Policy

32 The Board packet included a May 29, 2019 Staff Report discussing proposed
33 changes/amendments to the District's Personnel Policy.
34

- 35 a) Resolution No. 786 - *A Resolution of the Board of Trustees of the Santa Ynez River Water*
36 *Conservation District, Improvement District No. 1 Adopting changes to the Personnel*
37 *Policy Manual*

38 The Board packet included draft Resolution No. 786 and a redlined version of the
39 proposed changes/amendments to the Personnel Policy Manual.
40

41 Mr. Dahlstrom reviewed the proposed changes and amendments to Sections 1, 3, and 4
42 and Appendix C of the District's Personnel Policy Manual. A brief discussion occurred
43 regarding wording in Section 4 - Workplace Violence. Gary Kvistad, Legal Counsel,
44 stated that no changes in wording for the Workplace Violence item were needed and
45 the wording should be considered as submitted.
46

47 Mr. Fred Kovol provided public comment to the Board.
48

49 After a brief discussion, it was **MOVED** by Trustee H. Burchardi and seconded by
50 Trustee M. Burchardi, to adopt Resolution No. 786 Amending the District's Personnel
51 Policy Manual.
52
53

1 The Resolution was adopted and carried by the following 5-0-0 roll call vote:
2

3 AYES, Trustees: Harlan Burchardi
4 Michael Burchardi
5 Jeff Clay
6 Brad Joos
7 Lori Parker
8

9 NOES, Trustees: None

10 ABSENT, Trustees: None
11

12 **B. OPERATIONS AND MAINTENANCE:**

13 1. Upland Water Well 29 - Update

14 a) Ratification of Change Order Nos. 1 and 2

15 The Board packet included Change Order No. 1 and Change Order No. 2.
16

17 Mr. Dahlstrom reviewed Change Order No.1 in the credit amount of \$28,054.00 and
18 Change Order No. 2 in the amount of \$118.00. He recommended that the Board ratify
19 the General Manager's approval of Change Order Nos. 1 and 2 for the Upland Water
20 Well Drilling Project.
21

22 It was **MOVED** by Trustee H. Burchardi, seconded by Trustee M. Burchardi and carried
23 by a 5-0-0 voice vote to approve the General Manager's ratification of Change Order
24 No. 1 and Change Order No. 2 for Fain Drilling & Pump Company, Inc.
25

26 b) Notice of Completion

27 The Board packet included the Notice of Completion for the Upland Water Well 29
28 Project.
29

30 Mr. Dahlstrom reported that the Water Well 29 drilling project is complete and is
31 expected to be capable of producing between 900-950 gpm. He stated Fain Drilling did
32 a great job with the project. Mr. Dahlstrom recommended approval and Board
33 authorization to file the Notice of Completion.
34

35 It was **MOVED** by Trustee H. Burchardi, seconded by Trustee Joos and carried by a 5-0-
36 0 voice vote to approve and authorize the General Manager to sign and file the Notice
37 of Completion for the Upland Water Well 29 project.
38

39 2. Water Line Replacement Project - Phase 2

40 a) Notice of Exemption

41 The Board packet included the Notice of Exemption for the Water Line Replacement
42 Project - Phase 2.
43

44 Mr. Dahlstrom reported on the Water Line Replacement Project- Phase 2. He stated
45 that staff will schedule the mainline replacement/upgrade project before the
46 calendar year-end. Mr. Dahlstrom recommended approval and filing of the Notice
47 of Exemption.
48

49 It was **MOVED** by Trustee M. Burchardi, seconded by Trustee Clay and carried by a
50 unanimous 5-0-0 voice vote to approve the CEQA Notice of Exemption for the Water
51 Line Replacement Project - Phase 2 and authorize the General Manager to sign and
52 file the approved CEQA Notice of Exemption with the Santa Barbara County Clerk
53 Recorder's Office.
54

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

2 A. Cachuma Project – U.S. Bureau of Reclamation Continuing Operations

- 3 1. Cachuma Project Water Service Contract No. I75r-1802R, Water Deliveries, Exchange
4 Agreement, Entitlement, Water Storage, Accounting, Water Supply Projections
5

6 Mr. Dahlstrom reported on the Cachuma Project activities. He stated the Lake level was
7 currently at 80%. He reported that the District will be utilizing Cachuma Project water
8 due to the mid-year increase in allocation to 100 percent.
9

10 Mr. Dahlstrom reported that no technical sessions or meetings with Santa Barbara
11 County or the United States Bureau of Reclamation (USBR) have occurred with the
12 Cachuma Member Units to date relating to the next Water Service Contract.
13

14 Mr. Dahlstrom reported that the Cachuma Operation and Maintenance Board (COMB)
15 continues to report water deliveries to the south coast that is “unaccounted for” or lost
16 in the system conveyance. He explained that the conveyance losses or “unaccounted
17 for” water losses that have accumulated over time for the last several years are still a
18 topic of discussion with the USBR and remain unresolved at this time.
19

20 B. Sustainable Groundwater Management Act

- 21 1. Eastern Management Area Update

22 The Board packet included an April 25, 2019 Agenda for the Santa Ynez River Valley
23 Groundwater Basin Eastern Management Area Groundwater Sustainability Agency
24 Meeting.
25

26 Mr. Dahlstrom reported there was a meeting held on April 25, 2019 which Mr. Paeter
27 Garcia, District Legal Counsel, and Trustee Joos attended. Mr. Dahlstrom stated that Mr.
28 Garcia will provide a further update on SGMA at the June Board meeting.
29
30
31

32 X. REPORTS BY THE BOARD MEMBERS OR STAFF, QUESTIONS OF STAFF, STATUS REPORTS,
33 ANNOUNCEMENTS, COMMITTEE REPORTS, OBSERVATIONS AND OTHER MATTERS AND/OR
34 COMMUNICATIONS NOT REQUIRING ACTION
35

36 The Board packet included the Family Farm Alliance Monthly Briefing for the month of April.
37

38 The Board packet included a May 10, 2019 Press Release from Santa Barbara County Public
39 Works Department announcing the Santa Barbara County winners of the 20th Annual WaterWise
40 High School Video Contest. Mr. Dahlstrom announced the winners of the High School Video
41 Contest noting that the Santa Ynez Valley Union High School won the first-place award as well
42 as an Honorable Mention award. Mr. Dahlstrom stated that staff would be sending a letter
43 congratulating the winners to SY Valley High School and appreciation for participating in the
44 contest.
45

46 The Board packet included an April 30, 2019 letter from Brownstein Hyatt Farber Schreck to the
47 Santa Barbara County District Attorney’s Office regarding a Brown Act Complaint against Santa
48 Ynez River Water Conservation District, Improvement District No.1. The Board packet also
49 included a May 8, 2019 letter from the Santa Barbara County District Attorney’s Office to Mr.
50 Gary Kvistad of Brownstein Hyatt Farber Schreck stating that the District Attorney’s Office has
51 concluded that there is insufficient evidence to prove that a violation of the Brown Act occurred
52 and that the District Attorney’s Office will not take any further action on the matter.
53

1 Mrs. Martone reported that the new billing software transition is complete. She explained that
2 the new and updated features of the software are reflecting positive results for staff efficiency,
3 as well as customer satisfaction with new modules that inform customers of impending shut-
4 offs, emergency repairs, and bill notifications via integrated voice recognition calling, text
5 messaging and emails generated from the new software program.
6

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

9 The Correspondence list was received by the Board.
10

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

12 **XIII. There was a request to add an agenda item regarding District properties and infrastructure**
13 **easements. NEXT MEETING OF THE BOARD OF TRUSTEES:**

14 Mr. Dahlstrom stated the next Regular Meeting of the Board of Trustees is scheduled for June 18,
15 2019 at 3:00 p.m.
16

17 **XIV. CLOSED SESSION:**

18 The Board adjourned at 6:31 p.m. for a brief recess. At 6:36 p.m., the Board reconvened and
19 adjourned to closed session to discuss agenda items XIV.A. 1., 2., 3. & 4.
20

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

22 [Subdivision (d)(1) of Section 54956.9 of the Government Code - 4 cases]

- 23 1. Name of Case: Adjudicatory proceedings pending before the State Water Resources
24 Control Board regarding Permits 11308 and 11310 issued on Applications 11331 and
25 11332 to the United States Bureau of Reclamation and complaints filed by the
26 California Sport fishing Protection Alliance regarding the operating of the Cachuma
27 Project and State Board Orders WR73-37, 89-18 and 94-5; and proposed changes to
28 the place of use of waters obtained through aforementioned permits for the Cachuma
29 Project
30
- 31 2. Name of Case: Adjudicatory proceedings pending before the State Water Resources
32 Control Board regarding Permit 15878 issued on Application 22423 to the City of
33 Solvang regarding petitions for change and extension of time and protests to the
34 petitions
35
- 36 3. Name of Case: Santa Barbara Superior Court Case No. 18CV05437, Santa Ynez River
37 Water Conservation District, Improvement District No.1 v. Holland, et al.
38
- 39 4. Name of Case: Santa Barbara Superior Court Case No. 19CV01873, Cachuma
40 Operation and Maintenance Board v. Santa Ynez River Water Conservation District,
41 Improvement District No.1
42

43 **XV. RECONVENE INTO OPEN SESSION:**

44 [Sections 54957.1 and 54957.7 of the Government Code]
45

46 The Board reconvened to open session at 7:08 p.m. Mr. Kvistad, Legal Counsel, announced there
47 was no reportable action on agenda items XIV.A. 1., 2., 3. & 4.
48

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

XVI. ADJOURNMENT:

Being no further business, it was **MOVED** by Trustee Joos, seconded by Trustee M. Burchardi and carried by a unanimous 5-0-0 voice vote, to adjourn the meeting at 7:08 p.m.

RESPECTFULLY SUBMITTED,

Mary Martone, Secretary to the Board

ATTEST:

Jeff Clay, President

MINUTES PREPARED BY:

Karen King, Board Administrative Assistant

DRAFT

**BOARD OF TRUSTEES
SANTA YNEZ RIVER WATER
CONSERVATION DISTRICT, ID No.1
June 18, 2019**

Consent Agenda Report

CA-1. Water Supply and Production Report. Overall, the water production was significantly less than the 10-year running average for the month of **May** to meet the lower demand for domestic, rural residential and agriculture water caused by winter and wet weather conditions. This is below typical of water produced for this month in past years. Water conservation by ID No.1 customers remains a major factor in overall total use. **This resulted in total water production that was 281 acre feet (AF) or 50% less for the month than the 10-year running average as shown on the Water Production Report.**

Since the 2018-19 rainfall season began on September 1, 2018, there has been 136% of rainfall recorded through May 31, 2019 at Lake Cachuma. Rainfall at the lake for the year is 136%. The USBR Daily Operations Report for Lake Cachuma in **May** recorded the lake elevation at 740.21' with the end of month storage of 156,321 AF compared to the end of April level of 739.87' or 155,414 AF. USBR recorded precipitation at the lake of 1.57 inches in May for a year total of 26.51 inches. The Lake storage was not supplemented with SWP water being imported by the South Coast agencies. The end of May actual Evaporation was 1,052.2 AF. USBR reinitiated actual evaporation being deducted from Project Carryover and SWP water effective October 1, 2017.

USBR initially allocated only a 20% water delivery for WY2018-19. ID1's prorated share is 530 AF. With conditions hydrologic and water supply conditions improving throughout this rain season through March and the lake over 70% of capacity, ***USBR re-allocated 100% deliveries to the Cachuma Member Units as of April 1, 2019.*** Currently the lake is at 80.8% of capacity. At a point when the reservoir storage exceeds 100,000 AF, the Cachuma Member Units typically received a full allocation. Conversely, a 20% reduction from the pro-rated full deliveries would occur at less than 100,000 AF and incremental reductions at other lower storage levels. These terms were superseded by USBR allocation reduction this year. The amount of Cachuma Project Exchange Water delivered was 177 AF for the month.

Fish Conservation Pool filled in 2010 to elevation 753.00' to capture approximately 9,200 AF for fish releases the year of a spill condition and the year following as is now being used. The fish Passage Supplement Account (PSA) of 3,200 AF and the Adaptive Management Account (AMA) water was reset at 500 AF. As of October 1, 2018 the AMA Fish Account was restored 3,551 AF with the lake level rebound this past winter.

There were Fish releases as incorporated in the Downstream Water Rights Releases as part of the Settlement Agreement. Below explains the reasons for the flows recorded in Hilton Creek and in the Stilling basin which are direct excerpts from the ESA Section 7 Consultation 2000 Biological Opinion issued to USBR:

NMFS 2000 Biological Opinion Requirements in a Spill Year with Surcharge

- 10 cfs at Hwy 154 Bridge - year of a spill exceeding 20,000 AF
- 1.5 cfs at Alisal Bridge - year of a spill exceeding 20,000 AF and steelhead are present at Alisal Reach
- 1.5 cfs at Alisal Bridge - year immediately following a spill exceeding 20,000 AF and if steelhead are present at Alisal Reach

NMFS 2000 Biological Opinion Requirements in a Minimal or No-Spill Year with Surcharge

- 5 cfs at Hwy 154 - less than 20,000 AF spill or No Spill and Reservoir Storage above 120,000 AF

- 2.5 cfs at Hwy 154 – in all years with Reservoir Storage below 120,000 AF but greater than 30,000 AF
- 30 AF per month to “refresh stilling basin and long pool” – less than 30,000 AF in Reservoir Storage and re-initiate consultation.

Currently, the gravity flows originating from the barge and at the outlet works through the Hilton Creek Emergency Backup System (HCEBS) travel through the Hilton Creek Watering System piping and are released directly to the diffuser box at the Upper and Lower Release Points (LRP), with delivery to **Hilton Creek for April of 183.2 AF and supplemental fish passage flows from the outlet works for the month is 239.1 AF.**

There has been **28,832.6** AF of water released as of May 31, 2019 for fish since the year after the spill in 2011. During a Downstream Water Rights release, fish water is included within the release amounts according to the settlement agreement. Once those releases concluded, “Project” water will continue to be debited although the fish water is being diverted from the Stilling Basin below Bradbury Dam. With the fish Conservation Pool rearing water account, a total of **33,517.2** AF has been released for fish during the period following the spill condition in 2011.

DWR’s initial allocation for WY2019 is 10% or 70 AF for ID1’s prorated share. In February, DWR increased the allocation to 35% or 245 AF. DWR increased the allocation to 70% in April or 490 AF for ID1. **The District’s SWP “Table A” delivery was 25 acre-feet in April with accounting for the return (10 AF in May)** of transferred water to the City of Solvang in an effort to avoid spill of its purchased supplemental SWP water that was stored in San Luis Reservoir in 2017.

The District’s river water supply production remains available and consistent with all licensed well fields operational. Currently, with livestream conditions downstream in accordance with WR89-18, credit in the ANA is first priority water being replenished in Cachuma and expected to be whole with the end of the inflow recession. This allows for the District to produce its full licensed amount should it be needed. The District’s Upland Groundwater well production remains operational.

Direct diversion to USBR and the County Park was 1.89 acre-feet. For the month, 69.90 AF was produced from the Santa Ynez Upland wells. The 6.0 cfs river well field produced 0.19 AF for the month and 0.00 AF was produced from the 4.0 cfs well field.

Santa Barbara County recorded rainfall for **May** in Santa Ynez at 1.74 inches. The average rainfall is 0.31 inches for the month and the year-to-date (September 1 to August 30) total is 26.68 inches. The Santa Ynez River watershed Antecedent Index (AI) or soil saturation remains moderately wet condition. The total rainfall in the upper watershed of the Santa Ynez River Basin above Cachuma was 34.57 inches or 132% for the year. Lake Cachuma received 136% of normal rainfall to date at the County’s rainfall gauge. According to the CIMIS report for the month, rainfall in Santa Ynez was 1.46 inches with no crop frost protection days.

NEW INFORMATION BELOW IS PRESENTED IN BOLD TYPE

CA-2. Status of WR 89-18 Above Narrows Account.

The USBR report for April 30, 2019 for the Above Narrow Account (ANA) and Below Narrows Account (BNA) shows the Above Narrow Account (ANA) and Below Narrows Account (BNA) at 11,657 AF and 2,069 AF, respectively.

ID No.1 staff performs field monitoring on behalf of and jointly with the Parent District and fisheries data collection during the water rights release period. Staff also conducts stream gauging to determine live-stream events at San Lucas Creek for reporting to the SYRWCD and USBR. **Live Steam conditions exist in the SYR watershed.**

CA-3. Report on State Water Project – Central Coast Water Authority Activities. **In April, DWR increased the allocation to the State Water Contractors to 70% of delivery requests due to well above average snow pack and precipitation in the 8-station index region.** No change in deliveries are expected. DWR revised its initial allocation in February and increased the amount to 35% of deliveries requested.

--

The CCWA Board of Directors met on May 23, 2019.

The Board of Directors considered the controllers report and the operations report including the water delivery update.

The CCWA Deputy Director presented the water supply outlook with 70% revised Table “A” allocation from DWR and described the pumping restrictions and alternative methods of delivery to Cachuma for the south coast contractors. He also explained the exchange water between La Cumbre Mutual WC and the City using ID No.1 Exchange water in the lake.

The New Delta Conveyance Project, known formally as the twin tunnels and the Ca Water Fix, was explained as planning for a smaller, single tunnel through the delta region. The costs of the project were provided at \$14 billion with the acre foot cost of \$1,288. The planning costs for the CCWA participants are \$3.75 million.

The Suspended Table “A” Reacquisition was discussed including the four agencies participating through recent contracts. City of Santa Maria, Guadalupe, ID No.1 and Solvang through ID No.1 have committed to the 12,214 AF with other agencies now requesting to be reconsidered. Estimated costs of the suspended Table “A” water were provided as well as the Term Sheet between CCWA and Santa Barbara County.

An update was provided on the SWP contract extension, Management Contract Amendments, and the Contract assignment.

The Board was provided a report on the 2019 Water Storage Program with various water banking agencies to avoid the CCWA participants from losing water SWP water if San Luis Reservoir spills. This will allow the Participants through CCWA to create banking arrangements.

A report was also provided on the Santa Ynez Pumping Plant and Tanks #2 and #5 road maintenance project.

Santa Maria’s new director on CCWA is Etta Waterfield.

--

The acquisition of the 12,214 AF of Suspended SWP Water has moved forward with approval by the Board of Supervisors at a meeting in February. CCWA will continue to pursue the acquisition through DWR on behalf of the parties requesting water including the Cities of Santa Maria and Guadalupe, ID No.1, and the City of Solvang through ID No.1’s contract. DWR and the County will require reimbursement of those past

costs. ID No.1's share is estimate to be \$1.4 million based on its 500 af request. The annual cost of the water is anticipated at \$150/af plus treatments costs. The Board of Supervisors met on October 4th and did not approve the reacquisition of the 12,214 for Santa Maria, ID No.1 and Solvang, Guadalupe, and the newest request from Carpinteria Valley Water District. This is a setback with the Supervisors not acting in the best interest of the requesting agencies and possibly jeopardizing ID No.1's 800 AF of the last available SWP water.

The Board of Supervisors acting as the Board of Directors of the SBCFCWCD met again on November 1, 2016, heard public comments from all the participating CCWA agencies, and voted to move forward with developing an agreement with CCWA to acquire the remaining 12,214 AF on behalf of the five requesting agencies. An agreement is expected completed prior to the end of the year. A meeting is scheduled for December 13, 2016.

The Board of Supervisors approved the liability and indemnification agreement between the County and CCWA and voted 3 to 2 to move approve the reacquisition of the Suspended SWP water for the parties including ID1 that will receive 500 AF.

DWR has authorized CCWA to prepare an EIR on the suspended water reacquisition. A CEQA lead agency agreement was approved by CCWA; the county has yet to approve the agreement. Additionally, to ensure the County will move forward with the acquisition process once those participating agencies (including ID No.1) commit to funding the CEQA review, CCWA is seeking an implementation agreement with the County. The agreement terms are being negotiated between CCWA and SB County.

Board of Supervisors acting as the Board of Directors of the SBFC&WCD met on May 2, 2017 to discuss and concur with the lead agency agreement between DWR and CCWA authorizing CCWA to proceed with EIR for the suspended water reacquisition. Supervisor Williams conditioned the agreement to use this water as a mechanism to control growth by not allowing transfers or sale of this water by those parties acquiring this suspended water including ID1, the north county agencies, and the Carpinteria Valley Water District which entered this arrangement very late in the process. There was opposition to CCWA preparing the EIR and comments made to re-open the Water Supply Retention Agreement. Misinformation was presented about the reacquisition process and the SWP agreements. Following this diversion from the agenda item, the Board voted 3-2 approving CCWA as the lead agency.

The contract assignment underway between CCWA and SB County may have an effect on the Suspended Water Reacquisition timing and process.

Contract Assignment from SB County to CCWA will allow a direct interaction between the CCWA contractors with DWR for the reacquisition of SWP water.

--

On August 29, 2017, CCWA provided costs and financing of the California WaterFix project, (the Twin Tunnels). The information is presented to give an idea of the estimated costs of the Cal WaterFix project for each agency as well as the financing structures being proposed to finance the project.

As of November 2017, all irrigation contractors in the Cal WaterFix have withdrawn from or substantially reduced participation. This will likely create a shift in the cost allocation and increase the acre foot costs of the project as defined and require a reevaluation of the contracting language. **The current Governor of California has stepped away from the Ca Waterfix after years of planning and environmental sunk costs and will now pursue the new diversion and bypass project named the Delta Conveyance project. \$300 million of new planning costs are estimated.**

CCWA and the contracting agencies continue to work on our pursuit of the assignment of the State Water Contract from Santa Barbara County to CCWA. CCWA Board is scheduled to vote on the amendment to the JPA agreement and the amendments to the Water Supply Agreements at its meeting on October 26, 2017. ID No.1 needs approval prior to the October 26th CCWA Board meeting. Additionally, CCWA is meeting with DWR on September 19th and hope to get more clarification from DWR on its positions regarding the assignment.

With the CCWA and its contracting agencies approval of the assignment and a Bond rating analysis, this paves the way for DWR to take action consenting to the assignment. Once this occurs prior to the end of the calendar year, it is anticipated that SB County will take action in January 2018.

The Bond Rating for CCWA was accepted by DWR in March 2018 and CCWA expects DWR's approval of the assignment.

CCWA is requesting DWR to notify SBFC&WCD indicating the assignment can move forward. The notification was expected the week of September 10, 2018.

CCWA provided notice to Santa Barbara County regarding next steps in the process following DWR's concurrence to assign.

The 3rd District Supervisor Joan Hartmann agreed to meet with representatives from CCWA, ID1, and City of Buellton on December 6, 2018 regarding the logic and benefits of Contract assignment from the County to CCWA. The one hour meeting provided an opportunity to present the positions of her constituent agencies in this region, hear the reasons for local agency contracting, and allow for questions. A follow up meeting may be scheduled before the matter goes before the Board of Supervisors in February 2019.

CA-4. State Water Resources Control Board (SWRCB) Permits, Environmental Compliance and Hearings Update

The first phase of the SWRCB continuing jurisdiction hearing on the Cachuma Project Applications 11331 and 11332 took place in November 2000 and were specific to the "Place of Use" revisions. The SWRCB continued the hearing for the Phase 2 portion which was held in October and November of 2003 and based on the SWRCB's Draft Environmental Impact Report ("EIR") released in August 2003 for the continuing operation of the Cachuma Project. Joint legal representation at this hearing involved USBR, SYRWCD, SYRWCD, ID No.1 and CCRB and the focus was proposed changes in the Cachuma Project operations based on the protection of the public trust resources - the Southern Steelhead trout, modifications to the water rights permits, and the Settlement Agreement.

Since then, the SWRCB revised the DEIR in 2007 and included two additional alternatives that could affect the hearings and decisions before the SWRCB in 2003. ID No.1 provided extensive comment during the review period as did others involved in the joint representation. In order to update the RDEIR, the SWRCB engaged Impact Sciences Inc in November 2009 to review the hearing testimony, analyze two DEIR's and provide the necessary updates, and complete to a final EIR with response to comments.

Because the SWRCB did not have adequate funding for Impact Sciences to conduct the required work, in May 2010 the SWRCB division of water rights requested that CCRB and ID No.1 provide financial assistance which was approved by both agencies in the amount of \$85,000 and forwarded to the State General Services in June 2010.

Impact Sciences has delivered the Administrative Final EIR to the SWRCB staff on August 27, 2010 with an expected water rights decision issuance in late fall early or winter 2010, or should a hearing be needed, spring 2011.

Based on a meeting on February 7th with the SWRCB staff, additional delays will occur in the EIR process which will affect the hearing date. Circumstances, including staff availability and funding in the water rights division has now pushed the possible date for a decision without water rights hearing for a least 6 months. Should a hearing be required, it may take up to 2 years.

Recent discussions indicate that the State Board staff may revise the DEIR alternatives and environmentally preferred alternative. It is the position of ID No.1 and CCRB that alternative 3C which analyzed current operations with the existing BiOp and Water Rights Order 89-18 with modifications, and recognizes the Settlement Agreement is the environmentally preferred alternative. Other alternatives will have impacts on water supplies and the continuing operations of the Cachuma Project. No time frame has been indicated by the State Board Staff as to the completion of the Final EIR.

On April 1, 2011, ID No.1 received the re-circulated and modified “2nd Revised Draft Environmental Impact Report” from the SWB for comment which were due on May 16th 2011. The 2DEIR shows the new “no action” alternative as 3C and the “environmentally superior” alternative as 4B the SWP exchange for BNA water to Lompoc. Other SWB updates are incorporated in the 2DEIR. ID No.1 management, special legal counsel BB&K, consultants Stetson Engineers and Hanson Environmental will review the 2DEIR for changes and provide water resources, hydrology, biologic, and legal comment letter by the deadline. This will be coordinated with the Parent District and CCRB.

The Parent District and ID No.1 legal counsel and management are in the process of completing a joint comment letter to the SWRCB, which the Parent District took the lead in preparing. The letter content is being coordinated with the CCRB for consistency. Comment period was extended from May 16th to May 31st.

The SWRCB has assigned David Rose as the legal counsel to handle the responsibilities for the 2DEIR in place of Dana Differding who is on maternity leave for up to one year. It appears that the State Board Staff will make an effort to finalize the EIR, including the responses to comments by year’s end. However, this will require the ID No.1 and CCRB (excluding Carpinteria Valley Water District because it withdrew from CCRB) to provide additional funding for the completion of the document.

With the recent additional funding approved by both ID No.1 and CCRB 3 in the amount of \$45,000 to fund the SWRCB for completion of the FEIR, to date the Member Units have provided a grand total of over \$675,000 for this SWRCB environmental process. Carpinteria Valley Water District participated as a Cachuma Project Member Unit in sharing the \$45,000.

Impact Sciences, the SWRCB consultant for the preparation of the FEIR, completed work on the response to comments and finalizing the EIR. SWB staff has indicated that a Final EIR may be completed by mid-November.

On December 8, 2011, the SWRCB as the lead agency under CEQA announced the completion and availability of the FEIR for consideration of modifications to the Cachuma Project Water Right Application 11331 and 11332. The FEIR will be included in the SWRCB hearing administrative record unless Parties to the proceedings object by January 9, 2012. Should there be an objection and it is likely the SWB will hold a hearing.

The SWRCB received comment and objection letters from several parties including the Environmental Defense Center on behalf of CalTrout, Department of Fish and Game, National Marine Fisheries Service, among others.

The SWRCB has supportive documentation by its deadline of February 28th. The hearing date for the FEIR to be incorporated into the administrative record is set for March 29 and 30, 2012. A significant collaborative effort is underway between USBR, ID No.1, Parent District, and CCRB to prepare for the hearings.

The SWRCB hearing involved the joint advocacy participants and witnesses of ID No.1, Parent District, and CCRB along with USBR to support and defend the SWRCB's FEIR and the elements contained within the document to be incorporated into the record for a later determination of the Water Rights Order. The opposing parties were the Environmental Defense Center (EDC) and their witnesses on behalf of CalTrout, who representatives were noticeably absent from the hearings, as well as the National Marine Fisheries Service and the California Department of Fish and Game. The Board Hearing Officer issued the ruling on April 5 to incorporate the FEIR into the record with minor corrections to be made prior to the Board certification of the document.

The SWRCB Division of Water Rights may have a water rights order issued by October 2012.

In a recent update from the SWRCB Division of Water Rights, it is unlikely that a hearing will take place in 2012 on a Water Rights Order and FEIR certification for the continuing operation of the Cachuma Project under permits 11308 and 11310. No time has been set by the SWB for 2013.

On Thursday, February 7th, the SWRCB staff rescinded the place-of-use issuance in the 2000 Phase I hearing for the GWD. Although this is not expected to affect the issuance of a draft water rights order for continuing operation of the Cachuma Project. Charlie Hoppin, SWRCB Chairman will not be continuing his position which is likely to significantly affect the timing of the draft water rights order.

SWRCB has indicated that a draft order is scheduled for 1/14/2014 which is one year nine months from the hearing in 2012.

Recent indications that the SWRCB will schedule a hearing on the Draft Water Right Order for permits 11308 and 11310 in October 2013 as reported by Cal-Strategies. However, information from other sources now report that the State Board now appears to have delayed the timing of a hearing to after the first of the year.

Cal-Strategies recently reported that an internal closed session of the SWRCB may occur on January 7, 2014. At this point, no progress has been made in accelerating the water rights order issuance.

Information indicates that the SWB will meet in closed session now in mid to late February on the internal draft water rights order. The State Board is discussing water transfers and drought preparedness in response to the lowest allocations on record to agricultural users and communities.

The SWB has cancelled all water rights activities and hearings due to the drought proclamation by the Governor. The latest information from SWRCB staff is that the hearing may occur in October.

SWB staff has indicated that the Board may meet in closed session in late July or early August. Recent communications with SWB staff indicate that the drought and state-wide water supply issues will take priority and the focus of the SWB will be on those matters. No time has been provided for a hearing.

The State Board may meet in closed session in December to review a Draft Water Rights Order for permits 11308 and 11310 as a result of the hearings that took place in October 2003 and March 2012 on the EIR.

The SWRCB calendar does not show any session in December for Draft Water Rights Order on the Cachuma Project. The last SWB hearing activity was March 2012. SWRCB calendar does not show any session in January 2015.

After hearing a report and confirmation from CCRB's consultant Cal Strategies that the SWRCB would have its closed session hearing on February 17, 2015 with a release of a draft Water Rights Order the following day, this date has once again been pushed. ID1 will continue to check the SWRCB hearing calendar.

No SWRCB hearing date has been set due to the recent Governors orders for continuing State-wide drought conditions and increased regulatory actions taking priority.

The SWRCB held a closed session on the Draft Water Orders on August 22, 2016. Although there was nothing to report out of the closed, management contacted SWRCB staff to inquire about timing of the Order. On September 7, 2016 the Draft Order amending permits 11308 and 11310 was issued to the Bureau of Reclamation and copied to the parties in the past hearings including ID No.1. The Draft Order is under review by ID No.1 management, its consultants (Stetson Engineers and Hanson Environmental), and special legal counsel with comments due back to the SWRCB by noon on October 25, 2016.

The SYRWCD and ID No.1 jointly requested a time extension to provide comments from the SWRCB that is consistent with USBR and others. Because of the complexity of the Draft Order, 45-days were not enough time and therefore the request extends to after the first of the year. The SWRCB granted a time extension to December 9, 2016 as the deadline for submittal of comments.

ID No.1 submitted its comment letter to the SWRCB by the deadline. The comment objected to the SWRCB adoption of 5C or more water for public trust resources steelhead rather than the adoption of the environmentally superior alternative of 3C, a balanced water option between steelhead and water supply. ID No.1 coordinated with the SYRWCD to develop a common position but separate letter. Other parties providing comments on the SWRCB Draft Order included USBR, CCRB, NOAA-NMFS, CDFW, EDC/Caltrout, & Cal Farm Bureau.

The special interest group's submitted comment suggesting the SWRCB extend beyond alternative 5C and the NMFS recommended postponing the adoption of the Order to include the 2016 BO. Sample letters are in the Board packet and the entire set of letters can be made available upon request.

A notice was provided in early March 2018 related to the change in the noticing recipient list.

SWRCB held a closed session hearing on August 7 2018. No information to date has been forwarded by the SWB staff.

Additional SWRCB closed session hearings were held on August 28 and 29, 2018. No information to date has been forwarded by the SWB staff.

The SWRCB held a closed session item on Permits 11308 and 11310 on March 5 and 6, 2019.

On March 27, 2019 the SWB issued the Revised Draft Order Amending Permits 11308 and 11310 for continuing operation of the Cachuma Project. The 371 page order reflects terms for continuing operations by USBR, conditions for protection of downstream water rights and public trust resources, and conditions for water supply. The comment period ends on April 29, 2019 at noon. On April 5, 2019, a joint letter

from CCRB, SYRWCD, ID#1 and City of Lompoc was sent to the SWB requesting a 45-day extension given the complexity and content of the order. The extension request by the local interests was supported by USBR.

The Extension was approved by the SWRCB and comments are due in June. **ID No.1, USBR and CCRB submitted comments to the SWRCB on the draft order.**

CA-5. National Marine Fisheries Service – 2000 Biological Opinion issued to USBR for the Continuing Operations of the Cachuma Project and Section 7 Re-Consultation

The 2000 Biological Opinion (BiOp) issued by NMFS requires USBR to comply with the terms and conditions (T&C's) and reasonable and prudent measures (RPM's) to avoid a take condition of the listed Steelhead/rainbow trout which allows for the continuing operations of the Cachuma Project for water supply purposes. The Cachuma Project Member Units are carrying out those requirements out on behalf of the USBR.

Under the 2001 MOU, CCRB representing the four south coast Member Units, and ID No.1 have jointly funded and conducted the studies, projects and monitoring requirements as defined in the T&C's and RPM's.

Two passage barrier removal projects have now received full and partial grant funding; Quiota Creek crossings #2 and #7 respectively. Although #2 was not the responsibility of the Member Units, (it is identified in the EIR as a Santa Barbara County Project), both projects may be needed to comply with the BiOp and avoid additional measures that may include additional water releases from Member Unit water supply for fish downstream of Bradbury Dam. The combined cost of these two bridge projects are estimated at \$1.8 million.

The Quiota Creek Crossings #2 was completed in 2011 within the contract time. A complete accounting will be provided. Crossing #7 funding is pending approval by the granting agencies. COMB included this crossing in the 2012-2013 Budget and the majority of the Board approved entering into a sole source contract with Lapidus Construction to build crossing #7.

Construction on crossing #7 is complete and a report from COMB regarding the budget will be forthcoming. Grant funding for Crossing #0 is being processed.

During the week of February 25th - 28th, USBR Staff Nick Zaninovich and Doug Deflitch were conducting Routine Operation & Maintenance Inspection of the Cachuma Project facilities. This is a routine inspection according to the SOP protocols. On Thursday February 28th, they visited the USBR owned and operated Hilton Creek watering system siphon/pump barge in order to perform maintenance on the pumps. After "testing the apparatus" on February 28, in the early hours of March 1st, an "incident" occurred and the Hilton Creek watering system lost the ability to siphon water from the lake, flows stopped at both the upper and lower release valves, and there was no water in Hilton Creek. The COMB Biology Staff (CBS) was notified by the USBR Dam Tender at approximately 10am and immediately went to Hilton Creek to rescue fish. NMFS was also notified by USBR of the situation and the fish mortality. At 12:30pm on March 1st, the pumps were activated and the water started flowing again.

CBS is documenting the situation with an incident report which will be submitted to the USBR. The USBR is currently working on an incident report. The system is currently using the pumps for pressurized releases at a higher rate of 8 cfs (16AFD) rather than 6 cfs (12 AFD) as the required target flows. USBR is attempting to install a temporary delivery system so that the Hilton Creek watering system can be assessed. The apparent USBR operator error or system infrastructure failure will be confirmed in a report.

A report was filed by USBR on March 13, 2013 regarding the Hilton Creek water system failure.

A regional power outage on June 24, 2013 created another HCWS failure to deliver flows into the creek habitat. Because the HCWS was operating on power only and not in siphon mode, the system was down for several hours from 11:30 pm to 4:45 am according to USBR. Additional fish losses occurred and NMFS was notified. USBR has been working internally to develop a reliable and redundant HCWS. No definitive plans have been presented. Costs are reason that a backup system (Rain for Rent) was not put into place.

Currently, the system is functioning on a static level delivery flow of 7.7 cfs with no plans discussed with the MU's on the remedies to vary the flow rates or the system.

Hilton Creek water system continues to release 9.2 AFD or 4.6 cfs which is greater than the requirements in the 2000 BO. This water is "Project" contract water used as water supplies for the Cachuma Member Units. USBR has not yet remedied this problem because of funding issues.

Reclamation is investigating a redundant HCWS and repairs to the existing system with a time frame of a year or more.

On June 9, Michael Jackson of USBR reported to ID No.1 management that on the previous Thursday and Friday, USBR airlifted (using a helicopter) a replacement Hilton Creek pump onto the barge and now have both pumps repaired and operational. USBR staff will continue to monitor its system.

USBR installed a by-pass water line to the 10-inch outlet valve at the Control house for the purpose of supplying colder water to Hilton Creek. This installation may create constraints in the downstream water rights releases. USBR also compelled CCWA to install a by-pass and a high line over the radial gate sill to deliver SWP water into the lake rather than through the control house and intake works. The consequences of both actions have not yet been fully evaluated.

USBR has prepared a Draft BO on the focused consultation for the Drought Operations and Hilton Creek Watering System including the 30,000 AF Storage trigger in the reservoir thus reducing fish flows. The contents of the final Draft BO have not been made available, however, there are Parent District and ID No.1 concerns over any permanent connection at the outlet works to serve Hilton Creek affecting downstream and contract water delivery capabilities.

Negotiations are on-going with USBR regarding the 30,000 AF Storage triggering point for fish flows. The focused Draft BO for Drought operations and the reduced fish flows was withdrawn by USBR. No.1 and CCRB are meeting with USBR to present information to assist USBR in the consultation with NMFS related to lowering the fish flows to 1.0 AFD of 30 AF per month according to the 2000 BO. This is in comparison to the nearly 400 AF per month currently being released for fish into Hilton Creek.

ID No.1 jointly requested with CCRB that USBR modify and reduce fish releases into Hilton Creek to 30 Acre-feet per month in accordance with the 2000 BiOp. A joint letter was sent on July 15, 2014 and USBR subsequently requested additional information on the Cachuma Storage and hydrology. This joint information was forwarded on December 12, 2014. A request was made on January 5 as to the status of this action by USBR.

In accordance with the 2000 Biological Opinion, since the available water in storage is below the 30,000 AF trigger, USBR will consultant with NMFS to determine the outcome of the reduced fish flows to 1.0 AFD or 30 AF per month. No action has been taken to date and NMFS requested additional studies and analysis.

USBR submitted the additional information prepared jointly by USBR, CCRB, ID No.1, and CCRB as requested by NMFS for the Critical Drought Operations on June 10th and July 1st, 2015.

There is pending litigation, USBR v. Caltrout related to Hilton Creek and the Emergency Hilton Creek Pumping System. ID No.1 is an Intervener with the SYRWCD and CCRB with USBR in this case. The plaintiffs claim is “take” of the Endangered Steelhead/rainbow trout and temporary and permanent fixes to the HCEPS.

Settlement documents have been submitted by the USBR, the Intervening Parties and the Environmental Defense Center for CalTrout on September 23, 2015.

USBR successfully tested the Hilton Creek Emergency pumping System in late October to meet the conditions of the Settlement.

The parties to the USBR v. Caltrout settlement Agreement accepted the USBR the Hilton Creek Emergency Backup System as complete. As part Settlement conditions- Stipulation #2, the USBR called the parties to meet on January 27, 2016 to review and take comments on the “Hilton Creek Enhanced Gravity Flow System” (HCEGFS) and proposed connection to the penstock. ID1 representatives Walsh and Dahlstrom provided testimony to USBR as well as the SYRWCD General Manager. Cal Trout and CCRB also provided input. Dale Francisco, a member of the public attended the meeting that was meant only for those parties to the litigation and Settlement Agreement. ID1 submitted its issues with this situation to USBR. This was neither a Brown Act meeting nor a public meeting.

USBR has not yet responded to comments regarding the HCEGFS.

With the Cachuma Project water available to the Member Units being less than 7,000 AF, on April 6, 2016 ID1 requested that USBR convene an AMC meeting to consider changes in passage, maintenance, rearing and critical dry year water for fish downstream of Bradbury Dam. ID1 requested that USBR lead this meeting to propose to NMFS that it allow the reduction of flows to 1 Acre Foot per day in accordance with the 2000 BO. It was suggested that this meeting is urgent given the lake levels and available water supply for human consumption.

Two AMC meetings meeting were conducted on April 29, 2016 and again on May 3, 2016 to discuss the reduction of fish flows, the emergency Hilton Creek pumping system, and fish rescue. NMFS and USBR are negotiating possible solutions. However, fish relocation will require a NMFS 135-day process at which time water will be unavailable.

Several AMC conference calls have occurred in May and June to determine the best means to sustain the existing population of trout in Hilton Creek. No final decision has been made to relocate fish except to consider trucking water to the creek as a temporary fix. An action will be needed prior and following to the downstream water rights releases.

The latest decision by NMFS and USBR following the July AMC meeting was to have water trucks available to fill tanks for making temporary releases into the lower release point of Hilton Creek as the downstream water rights releases commence and after the releases are terminated. Once those releases start from the outlet works, pressure to the Hilton Creek piping will cease and therefore no water would be delivered. Monitoring of the 57 trout in the Creek will continue.

Hilton Creek is being watered at the lower release point from trucked water into a set of tanks. Water comes from a source at outlet works. NMFS has not approved the trapping and relocation of those remaining Rainbow trout to a facility capable of ensuring survival.

Water to the lower release point of Hilton creek is provided from a pump system in the Stilling Basin. The water is essentially being recirculated with no refreshing releases anticipated from the outlet works. USBR is the lead on this project.

With the elevation of the lake now at 712', USBR will be testing the Hilton Creek pump barge in March in anticipation of NMFS mandating fish flow resume to Hilton Creek beginning in April. Flows will be subject to the criteria in the 2000 BO.

USBR tested the Hilton Creek pump barge on April 7 and resulted in a failure mode which requires the continued use of the HCEBS at the outlet works to continue to gravity force water to the lower release point in Hilton Creek. No time or a cost estimate is forecast for repairs by USBR. As a result, CCWA was forced to re-install the bypass pipeline up the spillway and through Gate #4 rather than connect to the penstock at the outlet works control house as has been done over the past 25 years. CCWA deliveries of SWP water to the south coast will be through this temporary bypass.

CCWA was directed by USBR to cease delivery operations through the Bradbury Dam penstock by March 23, 2017. On April 14, 2017, the CCWA bypass pipeline was re-installed based on modifications and approval by USBR which allows CCWA deliveries of SWP water to resume. CCWA south coast agencies paid for the re-installation.

As of March 2018, CCWA deliveries to the lake were shut down from March 21 to March 27. Typical daily deliveries were 40 AF.

For the month of April, 2018, releases for fish at 4.48 AFD are made through the HCEBS and through the outlet works.

Fish releases continue through the HCEBS and outlet works. As of August 6, 2018 the downstream water rights account for fish release throughout the duration of the ANA/BNA release period.

The Downstream water rights releases were curtailed on September 12, 2018. Fish releases from Project Water into Hilton Creek resumed at a rate of 8.01AFD.

USBR made steelhead passage water releases the beginning on February 6, 2019 with the flow conditions in the Santa Ynez River and in accordance with the 2000 BO. Those releases are subject to an agreed upon schedule between USBR and NMFS and that come from the fish passage account of 3,551 AF. The starting flow rate is 60 CFS and then ramping down incrementally.

--

On February 9, 2011, USBR submitted completed the documentation supporting compliance (Compliance Report) to NMFS with the requirements pursuant to the September 11, 2000 Biological Opinion. The binder contains responses and actions that address the 15 RPM's and associated Terms and Conditions. USBR staff recently requested the status of the 2008, 2009 and 2010 annual monitoring report, including trend analysis for 2005-2008 (Term & Condition 11-1) that was not contained in the Compliance Report. CCRB, ID No.1 and Parent District will review the update of the 2008 report within the next week for submittal to USBR. The 2009 and presumably 2010 reports are work in-progress being prepared by the joint biology staff.

The 2008 Annual Monitoring Report and Trend Analysis for 2005-2008 for the Biological Opinion for the Operation and Maintenance of the Cachuma Project on the Santa Ynez River was reviewed by ID No.1, Parent District and CCRB then finalized for submittal to USBR on June 22, 2011. On June 23, USBR submitted the document to the NMFS and will be incorporated into the USBR Compliance Binder.

The 2009 Annual Monitoring Report and Trend Analysis were made available in draft form for review by ID No.1, Parent District and CCRB on July 7. ID No.1 provided comments which were incorporated into the final document. The Report was reviewed by a COMB Fisheries Committee which provided comment on the Report. Although COMB and this committee is not part of the fisheries review process and/or on the Adaptive Management Committee (AMC) as defined in and as part of the 1994 or 2001 Fisheries MOU's with Reclamation and others, these comments were provided to COMB biology staff. Comments on the Report have not yet been circulated by the biology staff to the AMC or other agencies part of the Fisheries process to consider.

On October 27, the Biology Staff forwarded the revised Executive Summary of the 2009 Annual Monitoring Report and Trend Analysis for final review by CCRB, SYRWCD and ID No.1 along with their respective consultants. Comments specific to the text for funding sources and preparation of the document were provided by ID No.1. As of this date, the 2009 Report has not yet been sent to Reclamation.

NMFS issued a letter to USBR indicating delinquent monitoring reports; 2009, 2010 and 2011 as well as the RPM 6 related to the monitoring of 89-18 water rights releases. COMB was named in this letter for not having submitted the 2009 report by the August 24, 2011 due date. A response was requested of USBR.

On March 9, 2012, USBR submitted to the NMFS the 2009 Annual Monitoring Report and Trend Analysis for the Biological Opinion for the Cachuma Project. This document complies with RPM 11, T&C 11.1 of NMFS's Biological Opinion. The 2010 report is the next report for submittal. This document was prepared by USBR, the staff and consultants of the Cachuma Project member units.

USBR submitted to the NMFS the report for monitoring fish movement during water rights releases during a three year period. This document complies with RPM 6, T&C 1) A&B of NMFS's Biological Opinion.

Annual Monitoring Report 2010 was submitted to USBR in February 2013.

A draft 2011 Annual Monitoring report was recently made available on June 7 by the Cachuma Project Biology Staff with a due date of June 11 for review and comment. Given the demand for review and preparation of the Draft BA by June 28, this time is being reconsidered.

USBR submitted a June 3, 2013 letter to NMFS regarding the 2000 BO RPM 6 (downstream water rights releases) Study Plan. According to the SCCAO Area Manager, this plan for monitoring during water rights releases was produced by USBR and the Cachuma Project Biology Staff (COMB). In a conference call on July 1, 2013 between the downstream parties only and USBR (Michael Jackson, SCCAO Manager et. al.) a significant issue has been created with this action and the associated "Study Plan" because of the disregard of Reclamation to engage, consult or allow review of this action by the SYRWCD or any downstream interest that involves this water right release. According to Michael Jackson's explanation, this plan was worked on by Ned Gruenhagen of USBR and the "Cachuma Project Biologist", Tim Robinson of COMB. The significant issue herein lies with the lack of communication and involvement of the SYRWCD and downstream water rights interests, and with the additional conditions in this June 3 Study Plan (e.g. warm-water predator fish data and water quality analysis) that are *not* required in the 2000 BO.

The language in this study plan admits that these items are not a requirement (second to last paragraph on page 2). As a Cachuma Member Unit and as a downstream water right holder, COMB's action (understanding from USBR of the Cachuma Project Biology Staff's involvement) to engage in any activity beyond that of the 2000 BO is not allowable. In this circumstance, the Study Plan has created additional level of effort and provides that the CPBS of COMB will be conducting and immediately carrying out of these activities which are beyond the 2000 BO requirements; and, COMB becoming directly involved in

water rights matters, thus violating the COMB JPA related to 1.3.h.i – “a matter involving water rights of any party”.

The downstream parties were not apprised of the preparation of the Study Plan nor included in its development and unaware of this letter. Legal Counsel from the SYRWCD and ID No.1 are involved.

Conflicting information and inconsistencies related to the content of the draft 2011 Annual Monitoring report have caused USBR to hold the submittal.

The 2011 Monitoring report was modified by USBR and released in March.

The EDC has filed a 60-day notice of intent to sue USBR citing violation of the 2000 BO and the ESA because of the Hilton creek pump problems and referencing COMB’s April 14, 2014 letter. According to Michael Jackson, the USBR Solicitor will be responding to both EDC and COMB.

USBR has responded to COMB and a rebuttal from COMB to USBR. Additionally, COMB’s CPBS has completed a draft of RPM-6 related to water rights without the involvement of the SYRWCD or ID No.1 as a downstream user and as participants on the AMC. This has caused significant issues and COMB has engaged in water rights activities outside the scope of its authority.

USBR awarded the contract for Hilton Creek Emergency Backup System (HCEBS) to Sansone Company in the amount of \$659,993 and to be constructed by December 3, 2014. This is a reimbursable cost to USBR by the Cachuma Member Units.

EDC has filed a lawsuit against USBR related to the Hilton Creek Watering System interruptions and violation of the ESA and the 2000 BO terms and conditions.

The Annual Fish Monitoring Report for 2012 has not yet prepared nor released. COMB staff compiles the information for finalization by USBR.

An internal draft of the 2012 Annual Fish Monitoring Report was circulated to the consultant biologists of ID No.1 and CCRB as well as to the SYRWCD for comment. CCRB and ID No.1 will receive the draft prior to submittal to USBR. COMB biology staff prepared this document on behalf of ID No.1 and CCRB for Reclamation’s compliance requirements in the 2000 BO. The document has not been sent to ID No.1 as of this date.

With the Water Rights releases beginning on August 3, 2015, COMB staff set up temperature and fish traps to capture predator fish and monitor rainbow trout. ID No.1 and SYRWCD staff is monitoring COMB activities as these procedures were not reviewed by the JDCA or 2001 MOU parties.

ID1 staff has prepared comments draft of the 2012 Annual Fish Monitoring Report (“AMR”) which are due by September 15, 2015. COMB sent a PDF of the 2012 AMR to USBR on October 2, 2015. District management forwarded to USBR on October 5, 2015 a redline Word version to assure comments by District management, staff, and its consultants were incorporated in the AMR.

COMB staff has prepared a 2013 draft AMR for USBR which was reviewed by Chuck Hanson, ID1’s fisheries expert. ID1 is a member of the AMC and is supposed to approve or consent to the AMR’s being forwarded to Reclamation for submittal to NMFS. COMB has not abided by that process. It is unknown if COMB has forwarded the document.

As of March 2018, ID1 has not received notification from COMB that the AMR's from years 2014 to present have been prepared or submitted to USBR (this is the responsibility of ID1 and CCRB under the 2001 MOU to conduct and prepare these studies).

--

USBR, ID No.1 and CCRB legal counsel and management have scheduled a meeting at the SCCAO in Fresno to open begin applicant status discussion for the *Section 7 Re-Consultation* process. This meeting on June 2, 2011 is the first of a regular series of anticipated monthly meetings with USBR over the next year.

On June 23, 2011, USBR submitted to NMFS a revised Draft Outline for the Biological Assessment ("BA") as part of the Cachuma Project Section 7 Re-Consultation. The first set of comments on Reclamation's BA outline (that was to be presented to NMFS on June 23, 2011), was discussed and submitted to Reclamation based on a joint action by the ID No.1, Parent District and CCRB (JDCA agencies) managers, attorneys (two attorneys for CCRB) and consultants. Keeping in mind that Reclamation provided the outline on June 22nd at 3:41 pm, it was requested that the JDCA agencies provide their comments back to Reclamation prior to a 3:00 pm deadline on June 23, 2011. Reclamation revised its outline only incorporating some of the comments provided by ID No.1, CCRB and the Parent District which was sent to NMFS.

This was the first formal interaction with between the three JDCA agencies and USBR in the re-consultation process and it was the consensus of the JDCA agencies that USBR could have been more engaging and cooperative in this first round of re-consultation. It was the hope that Reclamation will be more amenable to our involvement. It is expected that the JDCA agencies will continue to implement and follow through with the cooperative process through the Reclamation/NMFS re-consultation and BO development.

A conference call took place on July 7 between representatives of USBR, ID No.1, Parent District and CCRB to receive an update from USBR regarding the draft outline for the Biological Assessment ("BA"). USBR considers the outline a skeleton as a starting point in the preparation of the BA and has now confirmed that the ID No.1, Parent District and CCRB will be significantly involved in working with USBR in the preparation of that document. The next meeting is scheduled for August 15th with NMFS to continue to formulate the draft BA outline and to review the BO Compliance Binder materials.

A re-consultation meeting between the NMFS, USBR and the Cachuma Advocacy group (ID No.1, CCRB and the Parent District) took place on August 22, 2011 to discuss the expanded outline and the 2000 BO Compliance Binder. NMFS staff expects a "new" Biological Assessment to include a revised baseline with the creek passage barrier projects. They acknowledged the Quiota Creek enhancements and other tributary projects that are not in the 2000 BO as voluntary. USBR, ID No.1, Parent District and CCRB will work together to develop the BA. Because of time constraints, the Compliance Binder review will take place during another meeting; which has not yet been scheduled.

A re-consultation coordination model was developed to organize the local participants (Parent District, ID No.1 and CCRB) in the Section 7 process with Reclamation and provide a procedure to effectively communicate and make decisions among the parties. The model also provides a communication tree among the agencies including Reclamation and the consultants.

Regular conference calls between the Parent District, ID No.1 and CCRB with consultants have occurred over the past month and during the preparation of the BA draft project description annotated outline. The core group will be attending a meeting with Reclamation on October 18th in Fresno to refine the annotated outline.

The meeting on October 18th included Reclamation staff, CCRB and SYRWCD representatives, and ID No.1's special legal counsel. There was a review of the expanded and annotated Project Description outline for the Biological Assessment (BA). Reclamation will be providing technical and general comments to the document. Reclamation will also work with the three parties to establish a schedule for the preparation of the BA.

A conference call is schedule with Reclamation, ID No.1, Parent District and CCRB on January 13 to discuss "take" information and report recently released and submitted by COMB directly to NMFS.

A meeting was held on November 17 with the NMFS to discuss the Southern Steelhead Recovery Plan. NMFS representatives Penny Ruvelas, Mark Cappelli and staff presented to ID No.1, SYRWCD, and CCRB the plan elements that are non-regulatory but used as guidelines for recovery of the Southern Steelhead in the Santa Ynez River. Although not formally released, a point by point explanation of the elements, including flow regimes, habitat improvements, ground water monitoring, Bradbury Dam upstream tributaries and passage barrier mitigations, and target populations.

The Recovery Plan was released at the beginning of January 2012 with recovery costs for 8 creek and river systems, primarily the Santa Ynez River of \$389 million.

A schedule for the development of the Biological Assessment was jointly prepared ID1, CCRB and USBR to submit to the NMFS.

In June, the NMFS requested RFP's soliciting consultants to conduct flow, habitat and hydrologic studies in lower reach of the SY River below Bradbury Dam. The way in which that is being done is not compatible with the obligation NMFS has to "cooperate" with State and Local agencies to resolve water resource issues "in concert with" the conservation of endangered species. (ESA Section 2(c)(2)). This issue is being raised before the United States District Court in Santa Ana in the case of *Bear Valley Mutual Water Company et al. v. Fish and Wildlife Service*. A ruling may occur before the Cachuma re-consultation is well advanced.

IDNo.1, the Parent District and CCRB are coordinating with USBR in the continuing development of the BA process and revising the schedule based on the recent actions of NMFS. USBR forwarded to NMFS on July 20, 2012 the revised annotated outline and schedule for the preparation of the Biological Assessment.

The NMFS is pursuing recovery as part of the future BO and through the Tri-County Fish Team (meeting on July 31) NMFS is soliciting input on priority projects from participants using the Threats-By-Watershed table which came out of the Southern Steelhead Recovery Plan. NMFS is formulating a Strategic Approach for implementing recovery in the Santa Ynez River. Caltrout has replaced Nikka Knight with Kurt Zimmerman, an attorney as its lead representative for the Santa Ynez and Ventura Watersheds. Caltrout is establishing an office in Ventura.

In a letter from the NMFS to Reclamation on October 22, 2012, Reclamation received a response to the July 20th submittal that only addressed the Draft BA schedule; rejecting the June 30, 2012 submittal date. The revised NMFS date of delivery for a Draft BA as determined by NMFS is January 1, 2013, along with NMFS's denial to provide the new scientific data and reports it conducted. USBR and the collaborating agencies decided that the NMFS delivery date was impractical and proposed the submittal of the Draft BA by May 30, 2013.

A significant work effort is being made by ID No.1, CCRB and the Parent District consultants and staff to develop and prepare sections of the BA for review by Reclamation. Many studies are being conducted which will be incorporated in the BA. A cost sharing agreement for legal resources between CCRB (88.42%) and ID No.1 (11.58%) was executed in mid-December. This agreement was ratified by the CCRB

parties following the CCRB meeting. Since early December, Greg Wilkinson is looked to and directed in preparing certain tasks, reviewing all elements for the record, and to marshal this BA effort.

USBR has confirmed its need to have the Draft BA even though its review and comment time frame has not met the deadlines. The Draft BA is to be submitted on June 28 to USBR staff.

A limited number of the Draft BA chapters are being revised and re-written based on discussions with advocacy parties. USBR is aware of the revisions with a deadline for submittal of all chapters on August 23, 2013.

The USBR Area Manager has determined that USBR will complete the Draft BA for submittal to NMFS by Mid-October 2013. The USBR decision was based on a demand letter from CCRB indicating it will not deliver the remaining chapters to USBR until December 20, 2013.

On October 2, CCRB Board gave its approval to the Entrix to release chapters 4, 5, 6, 11 and the executive summary to USBR. The District provided comments on all chapters of the Draft BA and submitted additional information to USBR on October 8, 2013.

USBR is planning to submit the Draft BA to NMFS by mid-November 2013. USBR is no longer participating on the monthly calls due to conflicts.

Kate Rees, CCRB manager announced her retirement on January 31, 2014.

On November 21, 2013 USBR submitted the draft BA to NMFS. In a meeting between USBR and the downstream interests, including the SYRWCD and ID No.1 representatives only on November 25, 2013, USBR confirmed incorporating the most recent comments submitted by the downstream interests and other comments submitted by the south coast. USBR did make modifications. A copy of the draft BA will be forwarded by USBR to the District.

NMFS responded USBR on April 8, 2014 indicating the sufficiency of the draft BA with several additional data requirements as part of "consultation" including a discrepancy in the South Coast Member Units operational yield versus apparent over-diversion of water deliveries to the south coast with the issue of the absence of reductions in deliveries at 100,000 AF. Other data needs include south coast stream crossings and the inter-related south coast water conveyance systems. USBR responded on May 27, 2014 acknowledging the data requests and to work with NMFS and providing a Consultation schedule with at Final BO on April 15, 2015.

At a meeting held in August with Reclamation management, it was made clear that the Section 7 consultation will be between the two Federal agencies – USBR and MNFS. The Applicant Status requested jointly by CCRB, ID No.1 was denied by USBR but collaboration will be considered.

A meeting with USBR and ID1, SYRWCD and CCRB was held on October 27 at the SCCAO in Fresno to discuss the outlet works and the temporary and permanent plans, the Drought Operations Draft BA and the relationships between the agencies in the Cachuma Project. There was indication that NMFS will likely release a Draft Biological Opinion in January 2015. This is well ahead of the planned timing in mid-spring.

USBR met with NMFS on November 20, 2014 as part of the formal re-consultation. A follow up meeting between USBR, ID No.1, SYRWCD, and CCRB is scheduled for December 9, 2014.

On December 18, 2014, USBR formally requested an extension of 120 days for the consultation as a result of the December 9, 2014 meeting with NMFS. The purpose is to allow time provide NMFS with additional

information as requested in their April 8, August 4, and September 30, 2014 letters. The NMFS Draft Biological Opinion is expected to be issued to USBR around May 30, 2015.

NMFS has requested USBR provide additional analysis and evaluation of the flow and habitat conditions downstream of Bradbury Dam among other informational requests related to migrant trapping data.

CCRB and Cal Strategies met with USBR on Tuesday May 5, 2015 unilaterally requested inserting the passage barrier removal projects on the tributaries (Quiota Creek) along the Santa Ynez River below Bradbury Dam into the Draft 2015 BO. Statements of "Assurances" were made by CCRB working with COMB to implement passage barrier removal in the SY River watershed and on the South Coast tributaries. Neither ID No.1 nor the Parent District was aware of the meeting or the discussion and decision by CCRB. ID No.1 will be contacting USBR. This issue has not been resolved.

Following a response letter to CCRB related to the above meeting with USBR and memorandum related to tributary commitments in the future, several calls and meetings have occurred between the JDCA parties to resolve issues.

There is information that a draft Biological Opinion may be released by NMFS in October 2015.

The Trush report prepared by Humboldt State University River Institute for Steelhead migration in the Santa Ynez River that may be included in the draft BO by NMFS is being peer reviewed by ID1 and now CCRB expert consultants.

According to a COMB report at the meeting on March 7, the 2012 monitoring report was submitted to USBR and the 2013 draft report is being prepared by COMB biology staff. The reports have not been distributed to CCRB or ID No.1 responsible for these activities under the 2001 MOU.

On April 5, 2016, ID1 received a link to the Draft Annual Monitoring Plan from Entrix rather than from COMB. ID1 staff requested that COMB send all correspondence related to fisheries documentation directly to ID1 management. COMB staff requested comments by April 20, 2014.

ID No.1 and the SYRWCD in conjunction with CCRB submitted comments on the HSU Trush report on July 21, 2016 to Reclamation and the NMFS for incorporation into the administrative record.

According to the NMFS comment letter dated December 8, 2016 to the State Water Resources Control Board regarding its release of the 2016 Draft Water Right Order, "NMFS is in the process of reviewing and discussing the draft 2016 biological opinion with BOR". It is likely that a draft BO, which is expected to be a "Jeopardy" opinion, will contain greater flows, have passage requirements as indicated by NMFS in the past, and recovery plan elements and terms imbedded including significantly higher flows for fish releases, fish passage around Bradbury Dam and return, and other protections for recovery of the listed steelhead. NMFS indicated in its comment letter to the SWRCB to incorporate the 2016 BO, thus the issuance is expected in the very near term.

ID No.1 management and Special Legal Counsel continue to monitor and are prepared to comment once the Public Draft is issued. ID No.1 was denied "applicant status" by USBR as a contracting party to Cachuma Project that had federal recognition. Therefore, comments on the Public Draft BO will be submitted to NMFS. The County was also recently denied "applicant status".

No further information has been available on the timing of a Public Draft BO issuance.

Pursuant to a letter from NMFS to USBR on June 15, 2018, the Section 7 Re-consultation was terminated for the November 28, 2016 draft Biological Opinion and existing proposed action. The new proposed action

will be the basis of a new formal consultation under the ESA. On August 1, 2018, USBR submitted its revised draft proposed action to NMFS for review. A meeting is scheduled between USBR, NMFS and the JDCA group.

A meeting between USBR, NMFS, CCRB, ID No.1 and the SYRWCD is scheduled for October 16, 2018 at the NOAA offices in Long Beach.

USBR has set the date for submittal of a new Biological Assessment to NMFS of March 1, 2019. CCRB, ID1 and SYRWCD with USBR staff will be preparing various document elements. The BA will be based on the USBR's revised Proposed Action.

A revised date has been provided for submittal of the new BA; mid-June 2019.

--

CA-6. Cachuma Project - Water Supply and Water Service Contract

The water delivery order for WY 2014-15 has been submitted to USBR with a 55% reduction in entitlement deliveries beginning October 1, 2014. With the DWR Table "A" allocation at 20%, plus SWP water purchased through the SWPP by south coast member along with prior year carryover, the amounts should suffice to meet all exchange requirements in WY 2015. However, Goleta Water District has taken delivery of its SWP allocation and therefore the South Coast parties cannot effectuate the terms of the Exchange Agreement. This is being reviewed by the District's Special Legal Counsel BB&K for a recommendation of appropriate action.

A meeting is being called by CCWA to reconcile how to allocate the Santa Ynez Exchange water among the South Coast remaining agencies pursuant to the Exchange Agreement. The allocation methodology in the Exchange Agreement does not address a south coast party opting out with actual procedures. A call with all the parties to the Exchange Agreement is expected in June to outline the issues and then develop an allocation methodology, if possible within the terms and conditions of the Exchange Agreement.

The Exchange Agreement terms have not yet been reconciled between the parties and a meeting is scheduled on July 15th to discuss the South Coast Exchange water deficiencies.

The Exchange Agreement is being effectuated by the City of Santa Barbara, Montecito Water District and to certain level, Carpinteria Valley Water District with each of their SWP allocations, carryover and purchased water. ID No.1 remains whole at this time even with Goleta Water District not in the exchange due to its decision to move its entire SWP allocation to Cachuma without exchanging with IDNo.1 in accordance with the Agreement.

As of September 4, 2015, ID No.1 transferred its 2013-2014 Cachuma Project Carryover water to Montecito Water District that was to be exchanged in 2014-2015 and 2015-2016 with the participating parties. ID No.1's 750 AF of Carryover water was subject to evaporation losses of up to 65 AF per month and 25 AF per month for fish releases to Hilton Creek. In return, the District received \$1,015 per acre foot of water transferred. There is approximately 50 AF of Carryover water remaining for direct delivery to the SB County Park that is served by ID No.1.

USBR announced that will be zero (0) allocation of Project water to the Cachuma Member Units as of October 1, 2015 for the next water year.

USBR is considering the status and definition of use for the 12,000 AF water in the minimum pool. USBR staff also provided a minimum level of 604.50' which is the lowest point in the lake above the inlet sill to the penstock at elevation 600.00'.

USBR continues to allocate zero water for 2016. In addition, water accruing from the Tecolote Tunnel Yield is not being allocated but used to offset a portion of the lake evaporation rather than deducted from Project Carry Over water per the Master Contract. However, Reclamation defined in its CEC released in April 2016 that the minimum pool water shall not be available to divert through the south coast's Barge relocation nor will the WR 89-18 water and fish account water.

COMB relocated the barge that delivers water to the South Coast agencies prior to the downstream water rights releases began on July 12. The new location is adjacent to the County Park.

The inequities of the 2015/2016 "unallocated water" and "unaccounted for" water delivered to the South Coast CMU's remains an issue and have been contested by ID No.1. A response from USBR is pending. Following a meeting with USBR on September 6, 2016 when presented the inequities due to tunnel infiltration credits and unaccounted for water delivered to the south coast, those inequities continue to increase with this new water year. No formal resolution between ID1, USBR and the County Water Agency has been accomplished.

The Santa Barbara County Water Agency submitted to USBR the annual request for allocation from the Cachuma Project. This was historically done by COMB, however, SBCWA has taken back this role in accordance with the Master Contract. There was zero allocation issued by USBR starting on October 1, 2016.

USBR will institute an evaporation scenario, proposed by SB County, that both Project carryover water and SWP will evaporate proportional to the total lake volume. The theory being the Minimum Pool will evaporate at a given level anyway, and with some incremental storage in the lake will incrementally increase evaporate so should be accounted for as such. The member Units have stated that except for Goleta (~ 500 AF) and to a minimal extent City of SB, and furthermore to a much lesser extent ID1 (for the Park), will exhaust all the CCO by December 1, 2016. This is effective on January 1, 2017.

On March 17, 2017 the CMU managers and technical staff met with the County Water Agency staff to compare the independent water supply analysis prepared by each CMU and the County based on the "Available Project Water" and for supporting a mid-year allocation from USBR. Carpinteria Valley WD conducted extensive modeling based on a two year allocation outlook and differing percentages of a mid-year allocation and remaining balances, while considering most factors affecting the water supply in the lake. ID No.1, in conjunction with Stetson Engineers verified Carpinteria's model and also prepared ID No.1's modeling effort confirming all other sources of stored and produced water being considered. After deliberation with the County and between the CMU's, it was determined that a mid-year allocation be requested of USBR in the amount of 40% or 10,285.6 AF of the annual 25,714 AF operational yield. Each CMU would receive its prorated share of the mid-year allocation in accordance with the Master Contract.

USBR approved a 40% mid-year allocation adjustment on April 7, 2017 based on available Project water in storage with concurrence by the Cachuma Member Units. ID1 took its first delivery of its share 1,060 AF of Cachuma Project water. A formal letter will authorize deliveries for the remainder of this year and next year's allocation of 40%.

SB County Water Agency has requested the Cachuma Member Units provide an allocation for WY 2017/18 in order to submit to USBR in accordance with the Master Contract. The Water Agency reacquired its responsibility from COMB and is now acting on behalf of the Member Units. The allocation requests are

ted to the capital component of the Project, which was paid off in 2015; however USBR is still requesting the allocations for accounting purposes. As previously agreed, USBR anticipates a 40% delivery next water year but there will be a statement in the request for a mid-year allocation modification should the rainfall season produce inflow. ID No.1's allocation request is due June 23, 2017.

ID No.1 submitted its 2017-2018 40% allocation request and reserving its right for an increased allocation with an increase in water in storage.

A formal resolution to the inequities is expected with the accounting for new water in Cachuma and as part of the allocation process. ID1 has a second letter to Reclamation prepared in part by Stetson Engineers to be sent late in the week of April 10, 2017.

On May 30, 2017, a formal letter to USBR from the District requested a reconciliation of water supply inequities that occurred from 2011 to 2017 associated with carryover evaporation charges, tunnel accretions, and un-accounted for water. ID1 requested that water be credited to its account. Neither USBR nor the County has responded.

A meeting was held with USBR and Santa Barbara County Water Agency on October 12, 2017 with no resolution.

ID#1 met with USBR Mid-Pacific Region and Area Office Directors and management on January 18, 2018 to discuss contract options. A follow up meeting with the Area Office staff is schedule for the end of February.

Management was recently informed by the SCCAO Manager that USBR staff met with SB County representatives on Monday, March 12, 2018 to discuss the 2020 contract. This meeting did not include any Cachuma Member Unit representatives. The latest conversation with the SB County Water Agency Manager Fray Crease, on Thursday March 8, she indicated that the County would not accept or consider any other contracting arrangement; only the current USBR and SB County Master Contract. ID No.1 has had several meetings with USBR in order to seek contract options. No final determination has been made by USBR.

Management is meeting with USBR Regional Director on May 9, 2018 to continue discussions of contracting options.

ID No.1 management met with the USBR Regional Director, two Deputy Directors and staff to continue to promote contracting option for the upcoming Water Service Contract in 2020. USBR will explore a contract assignment as well as a multi-party contract.

No response from USBR regarding contract options.

On September 10, 2018, the Cachuma Member Units were informed that a Basis of Negotiations with the inclusion of Section 4011 of the WIIN Act was forwarded by USBR SCCAO to the USBR Denver Service Center in June 2018. SB County Water Agency confirmed the inclusion but no notification was provided to the Cachuma Member Units. ID No.1 is still awaiting contracting options.

Santa Barbara County continues to cancel meetings with the Cachuma Member Units regarding the new contract terms and conditions updates and interactions with USBR.

No additional information has been made available from USBR or the Water Agency to the Member Units regarding the 2020 Water Service Contract. A Grand Jury inquiry is underway requesting information from ID1 regarding contract renewal.

--

The Exchange Agreement between ID1 and the south coast Cachuma Member Units is dependent on two factors: 1) Cachuma Project water availability and allocation to ID1; and, 2) Sufficient and equal amount of South Coast SWP water to exchange with ID1. Because there is zero allocation of Cachuma Project water, the Exchange Agreement remains inactive. Once USBR determines a mid-year allocation, all ID No.1's Cachuma allocation will be exchanged for an equal amount of the south coast participants SWP water.

With the mid-year allocation in water year 2016-17, ID1 will have 1,060 AF of its Cachuma Project available supply to exchange from April 7, 2017 to September 30, 2017. The Exchange water will be balance with the first priority Article 21 water and the MetWD exchange.

Currently, the Cachuma Exchange water is occurring with this year's 40% allocation and beginning on October 1st, the new water year, there will be 1,042 AF of water exchanged.

USBR issued its allocation on November 4, 2017 of a 40% delivery to the Member Units retroactive to October 1, 2017. A mid-year adjustment would be considered based on precipitation and runoff in the lake.

With a 20% delivery allocation from the SWP and the reduced allocation from USBR, the South Coast will have enough SWP to effectuate the Exchange Agreement this year. Should the SWP allocation be reduced as was anticipated to 10%, this would cause an exchange shortage.

With 35% SWP allocation the south coast will have enough SWP water to exchange 532 AF of ID No.1's Cachuma project allocation this water year.

The SWP/Cachuma exchange is expected to begin in April 2019 with the 70% SWP allocation and 100% delivery of Cachuma Project Water.

--

Contract Number I75r-1802R (Master Contract) expires in 2020 for water service to the Cachuma Member Units (CMU's). The County Water initiated discussions with USBR on November 18, 2016 regarding the process and protocols for negotiations of a new water service contract. The Water Agency has been coordinating with the CMU's over the past month and prepared a "charter" or guideline paper for the formation of Steering Committee that will work on activities related to the negotiation process along with the terms and conditions of such water service contract. The Water Agency requested input from the CMU's. Upcoming meetings are scheduled over the next few months.

The Water Agency will bring its charter to begin the contracting process and provide a report to the Board of Directors of the SBWFC&WCD on May 2, 2017. At this time, none of the CMU's concur with the contracting arrangement.

At the May 2 County Board of Directors meeting to approve and authorize the Chair to sign a letter to the United States Bureau of Reclamation to request renewal of the Water Service Contract for the Cachuma Project and initiate negotiations with the United States Bureau of Reclamation, there were comments provided by ID1, the City of Santa Barbara and Carpinteria Valley WD opposing this action until such time to allow to explore contract options and engage all the Cachuma Member Units in this process. As stated by the County, this is a process between County and the USBR but the County will allow one representative of the CMU's to attend meetings between USBR and the County only. Director Hartmann indicted that the County's purpose in renegotiating this contract is to protect the downstream interests, the environment, and

public trust resources. Other discussion related to the County's role in water supply. The north County Directors did not care about this action. The letter and action was approved 5-0.

The County is now scheduling "private" meetings with USBR beginning in May and June and to initiate negotiations. The CMU's are not included until the public meetings are scheduled.

Meetings are now being organized by the Member Unit managers regarding the County's action and its process.

No technical sessions or negotiation meetings with Reclamation or the County are schedule as of May 22, 2019.

--

USBR will be conducting its 5-year inspection of water records and compliance with the Master and Member Unit Contracts. USBR representatives from the Regional office, South Central California Area Office and Denver Services will be at ID No.1 on September 19, 2012. USBR has transferred water conservation division to the Mid-Pacific region. District staff will be meeting with MP region staff to discuss conservation plans and exemptions applicable to the District. USBR provided a draft CCR checklist on November 8, 2012 indicating that ID No.1 complies with all elements of the Master Contract.

USBR solicitor has determined that in accordance with Master Contract and specifically under CVPIA criteria (although ID No.1 is not in the CVP), ID No.1 is required to prepare and submit to USBR a water conservation plan for its Project Water; 863 AF annually of M&I water and separately for 1,788 AF of Irrigation water. The District has other sources of local water supply (Uplands groundwater and licenses in the SY River) that are not under the jurisdiction of USBR and not within the Master Contract or CVPIA which are not reportable in a USBR water conservation plan.

The District is completing its updated and required draft water conservation plan and best management practices (BMP's) for submittal to USBR. This will require revisions to incorporate the City of Solvang because the District's boundaries for water service include the City's residents.

The conservation plan update was submitted to Reclamation in March 2015.

USBR through the CUWCC is requesting further water conservation and BMP information within ID No.1's service area.

USBR will be conducting its 5-year inspection of water records and compliance with the Master and Member Unit Contracts. USBR representatives from the Regional office, South Central California Area Office and Denver Services will be at ID No.1 on August 23 and 24, 2016. ID No.1 submitted comments and provided further information to USBR by September 6, 2016.

ID No.1 will be preparing and submitting the USBR required crop report update by the May 1, 2018 deadline.

--

CA-7. Actions taken during emergency situation in New York/Washington DC on September 11, 2001

DHS has distributed the Terrorist Threat Reporting Guide for Critical Infrastructure. This is a joint guidance document distributed by Federal Homeland Security and FBI for Owners and Operators of critical infrastructure. **No advisories are in effect.**

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT, ID#1 -- 2019 DELIVERY

31-May-19

Delivery Schedule 2019	Allocation AF	New Cachuma WY												Delivery Total
		Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Planned Jun	Planned Jul	Planned Aug	Planned Sep	Planned Oct	Planned Nov	Planned Dec	
Table "A" Entitlement/1	350	0	0	0	25	25	50	50	50	50	45	20	30	345
Drought Buffer	140	0	0	0	0	0	0	0	0	0	0	0	0	0
Exchange less Cach Park /2	2626	0	0	0	163	177	525	550	555	515	300	60	56	2901
Carryover/Article 21/ Solvang	0	0	0	0	0	10	20	30	30	15	0	40	0	145
TOTAL	3116	0	0	0	188	212	595	630	635	580	345	120	86	3391

Cachuma Park/3	25	1	2	2	2	2	3	3	3	2	2	2	2	25
River Wells - 6.0 CFS		65	2	64	0	0	0	0	0	0	0	0	0	131
River Wells - 4.0 CFS		42	3	0	5	0	0	0	0	0	0	0	0	49
Upland Wells		0	60	44	68	70	41	113	82	20	102	224	97	921
Total Production		108	66	109	262	284	639	746	720	602	449	346	185	4517

10 Yr. Average Production 142 146 277 418 565 639 746 720 602 449 346 185 5235

4.0 cfs River Maximum Production in AF 49.2 44 246 238 246 238 238 246 238 246 142.8 49.2

6.0 cfs River Maximum Production in AF 92.2 83.3 368.9 357 368.9 357 357 368.9 357 369.3 223.1 92.2

Note/1 Reflects the SWP deliveries for 2019 WY = 70% of entitlement; 145 AF Final 2017 transfer water from Solvang returned; SWP Total 245 AF

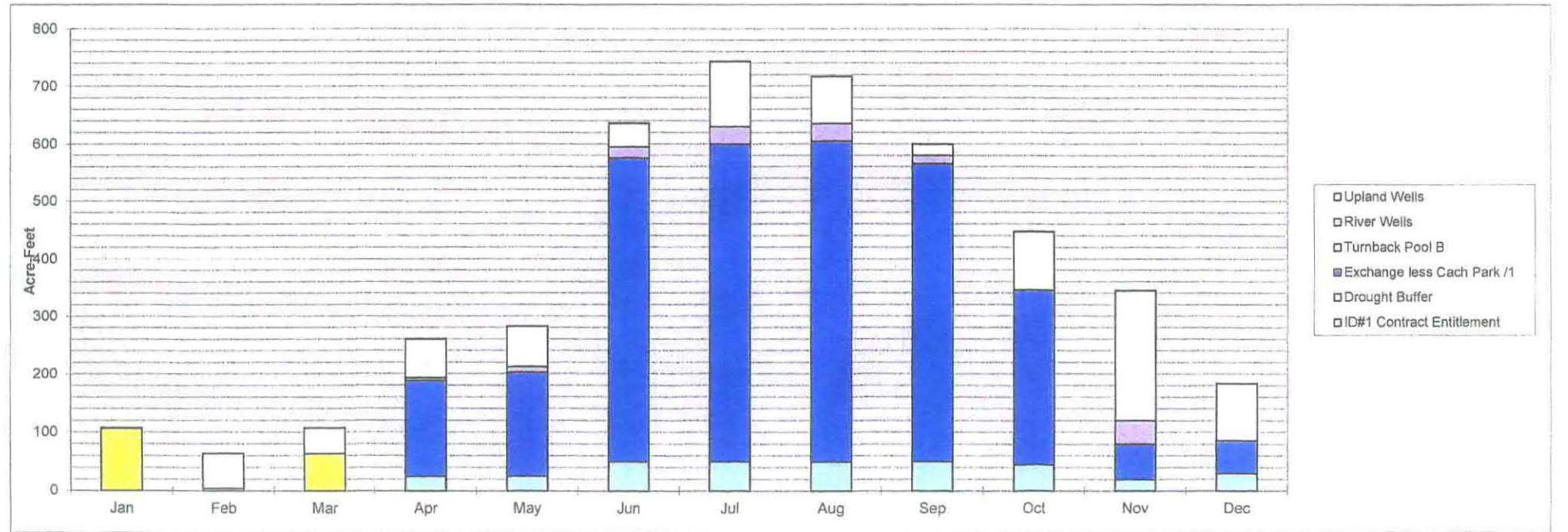
Cachuma Project 100% or 2,651 AF as of April 1, 2019 through September 30, 2019. A mid-year allocation.

Note /2 Blue text: Cachuma Exchange water available from Oct 1, 2018-19 w/ 100% Allocation.

Cachuma Project Total Allocation for WY2018-19 is 2,651 AF plus 40 AF carryover 2018.

South Coast MU must provide full Exchange amount;

Note /3 Cachuma Project water estimated delivery to SB County Park of Cachuma Water year 2018-19 is 26 af.



CIMIS Daily Report

Rendered in ENGLISH Units.

Wednesday, May 1, 2019 - Sunday, June 2, 2019

Printed on Monday, June 3, 2019

Santa Ynez - Central Coast Valleys - Station 64

Date	ETo (in)	Precip (in)	Sol Rad (Ly/day)	Avg Vap Pres (mBars)	Max Air Temp (°F)	Min Air Temp (°F)	Avg Air Temp (°F)	Max Rel Hum (%)	Min Rel Hum (%)	Avg Rel Hum (%)	Dew Point (°F)	Avg Wind Speed (mph)	Wind Run (miles)	Avg Soil Temp (°F)
5/1/2019	0.17 R	0.00	554	12.2	73.4	48.6	58.0	93	47	74	49.9	3.8	91.8	69.8
5/2/2019	0.22	0.00	647	11.0	78.6	46.2	59.3	99	38	64	47.0	4.1	97.6	70.5
5/3/2019	0.22	0.00	680	12.1	77.4	45.0	59.0	99	45	71	49.7	4.2	99.6	71.2
5/4/2019	0.18	0.00	588	12.6	74.7	50.5	57.8	98	51	77	50.7	4.3	103.7	71.8
5/5/2019	0.13	0.03	416	11.8	66.2	50.0	56.6	91	61	76	49.0	4.7	112.7	71.5
5/6/2019	0.16	0.06	544	11.9	68.3	48.6	57.5	90	56	74	49.2	3.9	94.7	70.0
5/7/2019	0.17	0.00	547	11.9	70.2	53.8	59.9	80	54	68	49.2	4.6	110.2	70.2
5/8/2019	0.18	0.00	571	12.7	69.1	54.9	59.6	82	60	73	50.9	5.0	120.6	71.0
5/9/2019	0.04	0.00	177	13.4	64.0	56.4 Y	59.4	85	68	77	52.3	3.8	90.5	71.2
5/10/2019	0.06	0.23	253	14.1	67.2	52.8	59.3	94	66	82	53.7	2.8	67.0	69.4
5/11/2019	0.23	0.00	685	13.9	80.6	47.7	62.0	98	47	73	53.4	4.1	99.6	68.9
5/12/2019	0.20	0.00	635	14.2	74.8	53.5	60.8	94	56	78	53.9	4.5	107.4	70.4
5/13/2019	0.19	0.00	610	14.0	76.4	53.7	61.0	94	53	76	53.6	4.6	109.3	71.4
5/14/2019	0.16	0.00	523	13.8	75.0	53.6	60.3	94	53	77	53.1	4.1	97.4	71.9
5/15/2019	0.11	0.00	360	13.5	69.3	54.0	59.5	92	64	78	52.6	4.9	118.1	71.5
5/16/2019	0.14	0.36	446	12.2	65.5	50.2	57.5	97	53	76	49.8	6.5	156.8	70.0
5/17/2019	0.24	0.00	720	10.0	69.8	46.6	57.0	89	38	63	44.7	7.4 Y	177.6 Y	67.8
5/18/2019	0.11	0.31	407	11.4	69.7	42.2	53.5	97	53	82	48.1	4.0	95.4	67.2
5/19/2019	0.13	0.36	468	12.6	63.2	51.7	56.1	98	56	82	50.7	4.6	109.4	66.5
5/20/2019	0.22	0.04	745 R	12.0	68.4	49.4	58.1	96	54	73	49.4	6.4	153.9	66.3
5/21/2019	0.18	0.00	564	11.2	65.0	51.1	56.8	91	52	71	47.5	8.0 Y	191.1 Y	66.5
5/22/2019	0.21	0.01	643	11.2	67.9	50.1	58.1	87	48	68	47.6	7.2 Y	171.8 Y	65.9
5/23/2019	0.12	0.00	404	12.5	65.8	52.5	57.9	92	62	76	50.4	4.7	112.2	66.2
5/24/2019	0.23	0.00	726	12.7	75.6	45.7	60.0	97	50	72	50.8	4.1	99.5	66.5
5/25/2019	0.08	0.00	302	12.9	66.2	51.7	56.4	96	69	83	51.4	4.2	100.5	67.8
5/26/2019	0.09	0.06	339	11.3	62.0	47.4	54.7	93	64	77	47.7	3.6	86.0	66.9
5/27/2019	0.23	0.00	729	10.8	69.2	44.9	57.2	95	45	67	46.5	6.3	152.1	65.9
5/28/2019	0.23	0.00	703	12.8	75.1	51.9	60.9	92	49	70	51.2	5.9	141.0	67.5
5/29/2019	0.20	0.00	644	13.7	73.6	53.4	60.0	92	57	77	52.9	4.7	111.7	69.1
5/30/2019	0.20	0.00	634	13.9	76.5	52.7	60.2	98	55	78	53.4	4.4	104.4	70.1
5/31/2019	0.19	0.00	611	13.7	75.9	52.1	60.2	95	55	77	52.9	4.4	104.7	70.7
Tots/Avgs	5.22	1.46	544	12.5	70.8	50.4	58.5	93	54	75	50.4	4.8	115.8	69.1

Santa Ynez - Central Coast Valleys - Station 64

Date	ETo (in)	Precip (in)	Sol Rad (Ly/day)	Avg Vap Pres (mBars)	Max Air Temp (°F)	Min Air Temp (°F)	Avg Air Temp (°F)	Max Rel Hum (%)	Min Rel Hum (%)	Avg Rel Hum (%)	Dew Point (°F)	Avg Wind Speed (mph)	Wind Run (miles)	Avg Soil Temp (°F)
6/1/2019	0.15	0.00	496	14.4	75.7	53.0	60.7	95	57	80	54.3	3.9	93.1	71.1
6/2/2019	0.10	0.00	357	14.9	70.0	57.3	61.6	93	65	80	55.3	3.7	90.0	71.0
Tots/Avgs	0.25	0.00	427	14.7	72.9	55.2	61.2	94	61	80	54.8	3.8	91.6	71.1

Flag Legend		
A - Historical Average	I - Ignore	R - Far out of normal range
C or N - Not Collected	M - Missing Data	S - Not in service
H - Hourly Missing or Flagged Data	Q - Related Sensor Missing	Y - Moderately out of range
Conversion Factors		

UNITED STATES DEPARTMENT OF THE INTERIOR
 U.S. BUREAU OF RECLAMATION-CACHUMA PROJECT-CALIFORNIA

MAY 2019

LAKE CACHUMA DAILY OPERATIONS

RUN DATE: June 1, 2019

DAY	ELEV	STORAGE		COMPUTED* INFLOW AF.	CCWA INFLOW AF.	PRECIP ON RES. SURF. AF.	RELEASE - AF.				EVAP		PRECIP INCHES	
		ACRE-FEET IN LAKE	CHANGE				TUNNEL	HILTON CREEK	OUTLET	SPILLWAY	AF.	INCH		
	739.87	155,414												
1	739.89	155,468	+54	121.1	0.0	.0	23.1	5.9	7.6	.0	30.5	.170	.00	
2	739.91	155,521	+53	123.2	0.0	.0	24.4	5.9	7.6	.0	32.3	.180	.00	
3	739.93	155,574	+53	132.5	0.0	.0	21.9	5.9	8.7	.0	43.0	.240	.00	
4	739.94	155,601	+27	99.8	0.0	.0	23.4	5.9	7.6	.0	35.9	.200	.00	
5	739.94	155,601	+0	73.1	0.0	.0	23.6	5.9	7.7	.0	35.9	.200	.00	
6	739.96	155,654	+53	109.9	0.0	.0	23.6	5.9	7.7	.0	19.7	.110	.00	
7	739.97	155,681	+27	85.1	0.0	4.4	23.9	5.9	7.6	.0	25.1	.140	.02	
8	739.98	155,707	+26	100.8	0.0	.0	23.5	5.9	7.7	.0	37.7	.210	.00	
9	739.98	155,707	+0	71.9	0.0	.0	24.3	5.9	7.6	.0	34.1	.190	.00	
10	739.99	155,734	+27	81.1	0.0	.0	22.6	5.9	7.7	.0	17.9	.100	.00	
11	740.02	155,814	+80	101.7	0.0	46.6	24.2	5.9	7.7	.0	30.5	.170	.21	
12	740.04	155,867	+53	127.3	0.0	.0	23.0	5.9	7.7	.0	37.7	.210	.00	
13	740.04	155,867	+0	82.3	0.0	.0	23.9	5.9	7.6	.0	44.9	.250	.00	
14	740.04	155,867	+0	78.6	0.0	.0	23.7	5.9	7.7	.0	41.3	.230	.00	
15	740.04	155,867	+0	73.0	0.0	.0	23.6	5.9	7.6	.0	35.9	.200	.00	
16	740.08	155,947	+80	91.8	0.0	88.7	24.0	5.9	7.7	.0	62.9	.350	.40	
17	740.05	155,894	-53	3.0	0.0	2.2	23.1	5.9	7.6	.0	21.6	.120	.01	
18	740.07	155,921	+27	112.5	0.0	.0	23.4	5.9	7.7	.0	48.5	.270	.00	
19	740.13	156,107	+186	111.7	0.0	137.6	17.3	6.0	7.6	.0	32.4	.180	.62	
20	740.14	156,134	+27	41.8	0.0	33.3	16.5	6.0	7.6	.0	18.0	.100	.15	
21	740.17	156,214	+80	152.8	0.0	.0	16.1	5.9	7.6	.0	43.2	.240	.00	
22	740.17	156,214	+0	43.8	0.0	.0	16.7	5.9	8.6	.0	12.6	.070	.00	
23	740.19	156,241	+27	104.2	0.0	2.2	18.2	5.9	6.7	.0	48.6	.270	.01	
24	740.20	156,294	+53	109.7	0.0	.0	18.8	5.9	8.6	.0	23.4	.130	.00	
25	740.21	156,321	+27	98.9	0.0	.0	24.1	5.9	7.7	.0	34.2	.190	.00	
26	740.22	156,347	+26	90.0	0.0	2.2	23.9	5.9	7.6	.0	28.8	.160	.01	
27	740.22	156,347	+0	15.8	0.0	31.1	24.4	5.9	7.6	.0	9.0	.050	.14	
28	740.23	156,374	+27	106.3	0.0	.0	24.3	5.9	7.7	.0	41.4	.230	.00	
29	740.23	156,374	+0	106.0	0.0	.0	38.4	5.9	7.7	.0	54.0	.300	.00	
30	740.23	156,374	+0	106.6	0.0	.0	57.1	5.9	7.6	.0	36.0	.200	.00	
31	740.21	156,321	-53	57.3	0.0	.0	62.4	6.0	7.7	.0	34.2	.190	.00	
TOTAL (AF)			+907	2,813.6	0.0	348.3	781.4	183.2	239.1	.0	1,051.2	5.850	1.57	
(AVG)		155,966												

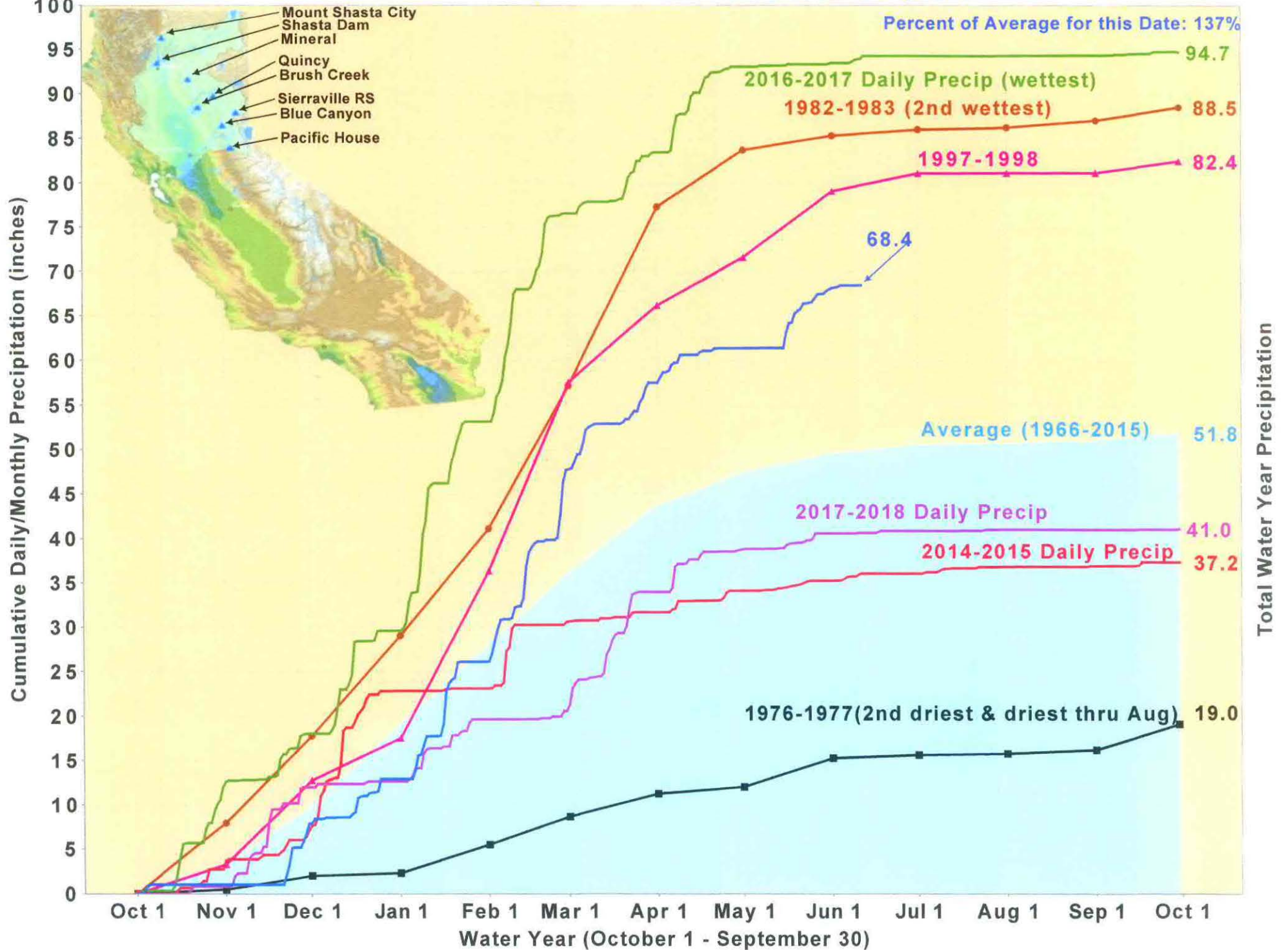
COMMENTS:

* COMPUTED INFLOW IS THE SUM OF CHANGE IN STORAGE, RELEASES, AND EVAPORATION MINUS PRECIP ON THE RESERVOIR SURFACE AND CCWA INFLOW.

DATA BASED ON 24-HOUR PERIOD ENDING 0800.

INDICATED OUTLETS RELEASE INCLUDE ANY LEAKAGE AROUND GATES.

Northern Sierra Precipitation: 8-Station Index, June 11, 2019





Santa Barbara County - Flood Control District

130 East Victoria Street, Santa Barbara CA 93101 - 805.568.3440 - www.countyofsb.org/pwd

Rainfall and Reservoir Summary

Updated 8am: 5/31/2019

Water Year: 2019

Storm Number: NA

Notes: Daily rainfall amounts are recorded as of 8am for the previous 24 hours. Rainfall units are expressed in inches. All data on this page are from automated sensors, are preliminary, and subject to verification.

*Each Water Year (WY) runs from Sept 1 through Aug 31 and is designated by the calendar year in which it ends
 County Real-Time Rainfall and Reservoir Website link: > <http://www.countyofsb.org/hydrology>

Rainfall	ID	24 hrs	Storm 0 day(s)	Month	Year*	% to Date	% of Year*	AI
Buellton (Fire Stn)	233	0.00	0.00	1.51	19.22	116%	116%	
Cachuma Dam (USBR)	332	0.00	0.00	1.74	26.68	136%	136%	
Carpinteria (Fire Stn)	208	0.00	0.00	1.42	17.89	104%	103%	
Cuyama (Fire Stn)	436	0.00	0.00	0.53	8.80	118%	115%	
Figueroa Mtn (USFS Stn)	421	0.00	0.00	2.18	26.70	126%	125%	8.0
Gibraltar Dam (City Facility)	230	0.00	0.00	1.91	34.57	132%	132%	8.6
Goleta (Fire Stn-Los Carneros)	440	0.00	0.00	1.82	24.75	136%	135%	
Lompoc (City Hall)	439	0.00	0.00	1.11	20.36	141%	141%	8.3
Los Alamos (Fire Stn)	204	0.00	0.00	0.95	19.75	130%	130%	
San Marcos Pass (USFS Stn)	212	0.00	0.00	3.24	47.71	142%	141%	
Santa Barbara (County Bldg)	234	0.00	0.00	2.16	25.74	142%	141%	
Santa Maria (City Pub.Works)	380	0.00	0.00	1.14	15.92	121%	120%	
Santa Ynez (Fire Stn /Airport)	218	0.00	0.00	1.43	20.08	129%	128%	
Sisquoc (Fire Stn)	256	0.00	0.00	1.66	17.86	119%	118%	

County-wide percentage of "Normal-to-Date" rainfall : **128%**

County-wide percentage of "Normal Water-Year" rainfall : **127%**

County-wide percentage of "Normal Water-Year"calculated assuming no more rain through Aug. 31, 2019 (End of WY2019).

AI (Antecedent Index / Soil Wetness)

6.0 and below = Wet (min. = 2.5)
 6.1 - 9.0 = Moderate
 9.1 and above = Dry (max. = 12.5)

Reservoirs

Reservoir Elevations referenced to NGVD-29.
 **Cachuma is full and subject to spilling at elevation 750 ft.
 However, the lake is surcharged to 753 ft. for fish release water.
 (Cachuma water storage is based on Dec 2013 capacity revision)

Click on Site for Real-Time Readings	Spillway	Current	Max.	Current	Current	Storage	Storage
	Elev. (ft)	Elev. (ft)	Storage (ac-ft)	Storage (ac-ft)	Capacity (%)	Change Mo.(ac-ft)	Change Year*(ac-ft)
Gibraltar Reservoir	1,400.00	1,400.08	4,314	4,331	100.4%	-22	1,047
Cachuma Reservoir	753.**	740.21	193,305	156,321	80.9%	854	93,075
Jameson Reservoir	2,224.00	2,223.75	5,144	5,101	99.2%	-13	2,097
Twitchell Reservoir	651.50	588.71	194,971	43,266	22.2%	-7,559	43,266

[Previous Rainfall and Reservoir Summaries](#)

Warrant List for Board Approval

May 30 through June 18, 2019

Date	Num	Name	Amount
May 30 - Jun 18, 19			
06/04/2019	22305	Co of Santa Barbara	50.00
06/18/2019	22306	All Around Landscape Supply	440.78
06/18/2019	22307	Allstar Heating & Air	172.41
06/18/2019	22308	Aqua-Metric Sales Company	7,275.14
06/18/2019	22309	Aramark Uniform Serv Inc.	441.08
06/18/2019	22310	B of A Business Card Services-CD	7,524.74
06/18/2019	22311	BasicData Business Printing	438.35
06/18/2019	22312	Bertin Pulido	240.00
06/18/2019	22313	Best Best & Krieger LLP	26,498.99
06/18/2019	22314	Brownstein,Hyatt,Farber, Schreck	13,775.34
05/31/2019	EFT	CA State Dpt - May	1,013.00
05/31/2019	EFT	CalPERS - May	29,796.11
06/18/2019	22315	Central Coast Water-Authority/Solvang	54,880.78
06/18/2019	22316	Chevron - Wex Bank	206.15
06/18/2019	22317	Chris Dahlstrom/Expenses	6.47
06/18/2019	22318	CIO Solutions, LP	2,594.68
06/18/2019	22319	Coastal Copy	133.79
06/18/2019	22320	Comcast	298.87
06/18/2019	22321	Continental Utility Solutions, Inc.	103.66
06/18/2019	22322	County of Santa Barbara -Dept Public Work	579.25
06/18/2019	22323	David Lester	1,784.82
06/18/2019	22324	Dig Safe Board	25.47
05/31/2019	EFT	Employment Dev Dept - May Payroll Taxes	7,809.59
06/18/2019	22325	E.H. Wachs	5,693.67
06/18/2019	22326	Echo Communications	159.20
06/18/2019	22327	Harrison Hardware Inc	562.29
06/18/2019	22328	ICONIX Waterworks (US) Inc.	1,160.48
06/18/2019	22329	Inklings Printing Co.	149.50
06/18/2019	22330	Iron Mountain	458.44
06/18/2019	22331	IVR Technology Group, LLC	82.09
06/18/2019	22332	J. Winther Chevron, Inc.	162.78
06/18/2019	22333	Jan-Pro Cleaning Systems	200.00
06/18/2019	22334	JANO Printing & Mailworks	3,301.71
06/18/2019	22335	Jim Mainhardt Backflow Service	50.00
06/18/2019	22336	Karen King	4.29
05/31/2019	EFT	Lincoln Nat Life - May	1,200.00
06/18/2019	22337	Linda Comeau	20.00
06/18/2019	22338	MailFinance	392.61
06/18/2019	22339	McCormix Corp	1,458.20
06/18/2019	22340	Monsoon Consultants	300.00
06/18/2019	22341	Nielsen Building Materials Inc	115.22
06/18/2019	22342	O'reilly Auto Parts	611.21
06/18/2019	22343	Oliveras Repair Inc	73.25
05/31/2019	EFT	Payroll - May 2019	92,940.19

Santa Ynez River Water Conservation District ID #1

Warrant List for Board Approval

May 30 through June 18, 2019

Date	Num	Name	Amount
06/18/2019	22344	P G & E	37,618.65
05/31/2019	EFT	Rabobank N.A. May Payroll Taxes	35,381.74
06/18/2019	22345	Red Wing Shoes	184.86
06/18/2019	22346	SM FAMCON PIPE SUPPLY	1,302.83
06/18/2019	22347	Smiths Alarms & Electronics Inc	738.10
06/18/2019	22348	Stetson Engineers Inc	1,089.17
06/18/2019	22349	Stradling Yocca Carlson & Rauth	1,027.00
06/18/2019	22350	The Gas Company	21.74
06/18/2019	22351	Todd Pipe & Supply	9.31
06/18/2019	22352	TotalFunds by Hasler	500.00
06/18/2019	22353	Trustee/ Brad Joos	200.00
06/18/2019	22354	Trustee/ Harlan Burchardi	200.00
06/18/2019	22355	Trustee/ Jeff Clay	200.00
06/18/2019	22356	Trustee/ Lori Parker	200.00
06/18/2019	22357	Trustee/ Michael Burchardi	200.00
06/18/2019	22358	Underground Service Alert	76.00
06/18/2019	22359	United Rentals	2,144.23
06/18/2019	22360	USA Bluebook	721.14
06/18/2019	22361	Verizon Wireless	886.41
06/18/2019	22362	Waste Management of Santa Maria	218.70
06/18/2019	22363	William J Brennan	<u>1,700.00</u>
Grand Total			349,804.48

May 30 - Jun 18, 19

RESOLUTION NO. 788

A RESOLUTION OF THE BOARD OF TRUSTEES
OF THE SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
IMPROVEMENT DISTRICT NO. 1
ESTABLISHING THE APPROPRIATION LIMIT FOR THE 2019/2020 FISCAL YEAR
PURSUANT TO ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

BE IT HEREBY RESOLVED, by the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1, Santa Barbara County, California, that:

WHEREAS, the District is required pursuant to Government Code Section 7910 to establish by Resolution its appropriation limit for the 2019/2020 fiscal year; and

WHEREAS, the documentation used in the determination of said limit has been available to the public in the District office for at least fifteen (15) days prior to the date of this Resolution, and

BE IT HEREBY RESOLVED, that the appropriation limit of the Santa Ynez River Water Conservation District, Improvement District No. 1, for the 2019/2020 fiscal year is established at **\$1,979,424**.

WE, THE UNDERSIGNED, being duly qualified President and Secretary, respectively, of the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1, do hereby certify that the above and foregoing Resolution was duly and regularly adopted and passed by the Board of Trustees of said District at a Regular Meeting held on June 18, 2018, by the following roll call vote:

AYES, in favor thereof, Trustees:

NOES, Trustees:

ABSENT, Trustees:

ATTEST:

Mary Martone, Secretary to the Board of Trustees


SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
IMPROVEMENT DISTRICT NO. 1

2019/2020 APPROPRIATION LIMITATION CALCULATION

Population and California per capita personal income change data provided by the State of California Department of Finance effective January 1, 2019 are used in computing the 2019/2020 Appropriation Limitation Calculation as follows:

2018/19 Appropriation Limit	\$ 1,897,818
Per Capita Personal Income Percentage Change over Prior Year	3.85 percent
Population Change over Prior Year Santa Barbara County	.43 percent
Per Capita converted to a ratio:	$\frac{3.85 + 100}{100} = 1.0385$
Population converted to a ratio:	$\frac{.43 + 100}{100} = 1.0043$
CPI Factor	1.0385
Population Factor	1.0043
CPI Factor X Population Factor	1.0430
1.0430 X \$1,897,818 =	\$ 1,979,424

A resolution will be presented to the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1, for adoption of the 2019/2020 Appropriation Limit at a Regular Meeting on June 18, 2019.



Mary Martone - Secretary to the Board of Trustees

Posted: Thursday, May 30, 2019

Newspaper Publication Dates:

Thursday, June 6, 2019

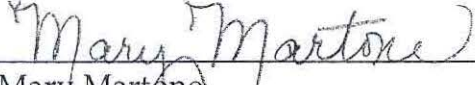
Thursday, June 13, 2019

Santa Ynez River Water Conservation District
Improvement District No. 1
3622 Sagunto Street - P.O. Box 157
Santa Ynez, CA 93460
(805) 688-6015

PUBLIC NOTICE

NOTICE IS HEREBY GIVEN that the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1, will consider adopting a resolution setting the limit of appropriations pursuant to Article XIII B of the Constitution of the State of California for fiscal year 2019/2020 at a Regular Meeting to be held on Tuesday, June 18, 2019, at 3:00 p.m. at 1070 Faraday Street, Santa Ynez, Ca. - Conference Room.

Documentation used in determining said limit is available to the public in the District office located at 3622 Sagunto Street, Santa Ynez, as of the date of this notice.



Mary Martone
Secretary to the Board of Trustees

Dated: May 29, 2019

Posted: Thursday, May 30, 2019

Newspaper Publication Dates:

Thursday, June 6, 2019

Thursday, June 13, 2019



To: Board of Trustees

From: Chris Dahlstrom, General Manager 
Mary Martone, Administrative Manager

Date: June 18, 2019

Subject: Fiscal Year 2019/2020 Budget

Agenda Item: IX.A.3.a

Budget in Summary

FY 2019/2020 Budget

Summary

The District's fiscal year budget is one of the most important documents prepared by District management for the Board of Trustees. Through the process of planning and preparing the Budget, management compared the *2016 Water Rate Study* results with the prior year financial conditions and year-end outcomes, then forecasted the funding needs of the District in order to continue to provide water service, meet its regulatory requirements, and comply with its financial obligations throughout the fiscal year. This Board is then given the opportunity to determine a Budget suitable for approval that meets the District's administration, operations, maintenance programs, debt service and other financial commitments for the coming year.

The Budget for FY2019/20 was developed from the Uniform System of Accounts for Water Utilities which includes a set of tables illustrating in detail all categories of revenues and expenditures of the District. The accounting for the budget is supported by the QuickBooks accounting system which is verified annually by an independent audit performed by Bartlett, Pringle & Wolf. The basis of the revenue table is the approved 2016 Water Rate Study reflecting the 5% increase in water revenues for FY2019/20 with adjustments based on the prior year-end budget projections as well as results of *actual* financial conditions occurring in FY2018/2019. The Budget tables show categories of the operating Revenues as compared to operating Expenditures with Debt Service and the Special Studies expenditures including compliance with the Endangered Species Act and Public Trust Resources (Fisheries) regulatory requirements, as well as State Water Resources Control Board water rights activities. The amount of expenses within these categories and the Construction-In-Progress expenditures is expected to be funded in part by operating Revenues and accumulated reserves.

The Budget tables are supported by textual explanation for each major revenue and expenditure category with the description of line item accounts that are notable or of specific interest to assist the public in understanding the District's budget and the Board in making its determination.

On October 26, 2016 the Board approved the Water Rate Study introducing a 15 percent usage rate adjustment on Domestic and Rural Residential/Limited Agricultural and a higher percentage on Agricultural usage, which the rate setting was approved on December 13, 2016 and became effective on February 1, 2017. The monthly meter charges remained static until January 2018 when increases were enacted.

The FY2018/19 rate adjustment in both usage rate and monthly meter charge was anticipated to increase revenues to \$7.861 million in that fiscal year; however due to hardened conservation across all classifications, new reduced standards of consumption, and all time historic low water demand, there is an expected shortfall in year-end projected revenues totally \$7.295 million. The 5 percent increase in revenues per the Water Rate Study is not expected in FY2018/19. For preparation of the FY 2019/20 Budget, these revenue factors and values were applied as the baseline then adjusted to reflect the actual trend of water sales at nine (9) months through year-end FY2018/19 then forecast for each Revenue category. In addition to water rate adjustments in January 2019, the Board determined to re-establish the collection of the Special Assessment Ad Valorem Tax for the District on land value only for those parcels within its service area boundary. The first installment of the assessment was realized in December 2017.

In summary, the Budget Revenues with the Special Assessment are anticipated to be sufficient to meet the stabilized and reduced Operating Expenses and Debt Service requirements with a net roll forward balance of **\$2,224,964**. This balance is applied to the **\$441,350** for Other Expenses category and from that expenditure those remaining net operating Revenues in the amount of **\$1,783,614** are earmarked to fund the deferred and required Construction in Progress budget classification of **\$2,530,499**. Therefore, a forecasted net shortfall balance of **\$746,886** is anticipated to be needed from Reserves. The FY2019/20 Budget details are described below.

Highlights

General Information

- ✚ Form of Government – Water Conservation Act of 1939
- ✚ Function under the California Water Code Section 74000 & 75000
- ✚ Date of Organization July 6, 1959
- ✚ Cachuma Project Member Unit & SWP Participating Agency
- ✚ Area served – Santa Ynez, Ballard, Los Olivos, the unincorporated in between those townships, and the City of Solvang (Note: Only the City of Solvang is a customer of the District but not the residents within the City limits)
- ✚ Fiscal Year End June 30th

Operational Information

- ✚ 2,716 Domestic/Commercial/Rural Residential Service Connections
- ✚ 99 Agricultural Service Connections
- ✚ Water Served – Average Annual Production over 10 year period – 5,374 Acre Feet
- ✚ Sources of Supply (Typical) – Cachuma Project (42%), Santa Ynez River Appropriations (26%), Uplands Ground water (24%) and SWP water (8%). Drought 2018 – Cachuma Project (20%), Santa Ynez River Appropriations (35%), Upland Ground water (43%) and SWP water (2%).
- ✚ District Pipelines (in miles) 92
- ✚ Number of Booster Pump Stations = 4 with 12 pumps
- ✚ Number of Wells = 22
- ✚ SWP/ID No.1 Turnout = 5 stage pump system
- ✚ Number of water storage reservoirs/tanks = 4 with a total capacity of 16.7 million gallons
- ✚ Current number of full-time equivalent (FTE) positions
 - 9 FTE and 1 Part-Time – Management, Administrative, and Water Resources; 8 FTE– Operations and Maintenance

Budget and Reserve Fund Background

On October 26, 2016, the District's Board of Trustees adopted the Water Rate Study and approved the Water Rate Schedule on December 13, 2016 that became effective on February 1, 2017 which incrementally planned for increases revenues over a five year period. Rates were developed to meet Operating Expenses, Debt Service and Other Expenses. This Water Rate Study also included a Reserves analysis and a forecast to add to those Reserve Funds over that same period to allow for recovery of reserve deficits that occurred over a six year period. The current balance as shown below with the rate setting and the re-establishment of the Special Tax Assessment results in the eventual full recovery of the reserve fund balance by 2021. The FY 2019/20 Budget indicates a stabilization of the reserve balance.

Below are the past fiscal year and most current Reserve balances based on actual accounting and audit information with the Reserve Balance table reflecting reserves in LAIF.

RESERVE BALANCE		
	June 30, 2018	March 31, 2019 ¹
<u>Board Reserved</u>		
Debt Repayment Obligation ²	\$ 884,221	\$1,676,799
Repair & Replacement	\$1,603,490	\$2,087,412
Plant Expansion	<u>\$1,879,011</u>	<u>\$3,073,571</u>
Subtotal	\$4,366,722	\$6,837,782
 <u>Restricted Reserve</u>		
Dev. Fee; SY Septic	\$ 109,212	\$ 109,212
 State Water Project Reserve ³		
	\$3,000,000	\$3,000,000

1. Year-end Reserve amount subject to change based on year-end actual accounting for projects and debt service expenditures.
2. Reserve funds for 2004A Bond payable on June 1; SWP payment due on June 1; and USBR Safety of Dams Repayment Contract.
3. One year set aside payment established to guarantee ID No.1's contractual debt obligation if a default occurs by the City of Solvang; Payment for SWP water including debt service obligation.

In review of the FY2018/19 year-ending budget, there is "projected" **\$1,455,401** net revenue. This is the estimated net position after funding Operating expenditures, accumulating funds in the amount of \$783,639 for the District's SWP Debt Service plus the \$302,391 Series 2004A bond payment, and SOD contract payment of \$26,976 due on June 1, 2019, funding \$825,901 of Special Studies and only \$949,946 of the capital projects. Despite the increased costs of defending legal claims, actual litigation, and threat of litigation, this net positive balance is a result of SWP credits, USBR payment deferral, the reversal of the State mandated Cr6 activities, which were suspended in May 2017 by a court order, and deferring \$902,871 of treatment and infrastructure replacement. There is no forecasted deficit at year-end June 30, 2019 and those final net audited funds will be added to Reserves.

The FY2019/20 Budget was prepared with the increased revenues based on the 2016 Water Rate study, but providing for adjustments in anticipated revenues based on the 9-month **actual** water sales with year-end projections that reflect overall water sales revenue of 1% less than budgeted in 2018/19. Then, incorporating further balancing of expenditures, and using the factors described above with "projections" for revenues and expenditures line items based on

the previous year-end budget with adjustments that reflect **actual** changes in financial and economic conditions such as water sales, interest income, water charges and costs of services. This Budget also presents the “Operating Expenditures” inclusive of the General and Administrative expenditures, the Operations and Maintenance costs and the District’s Debt Service categories.

There are two additional expenditure categories: Other Expenses and Construction-in-Progress.

The Other Expenses category includes a financial appropriation for Special Studies and Programs specifically related to the Cachuma Project, Endangered Species Act, environmental and permitting requirements, and Federal and State compliance measures that are conducted and funded wholly or in part by the District on behalf of the U.S. Bureau of Reclamation and the SWRCB; respectively. Because the District is a signatory to the 2001 Fisheries MOU, it retains a contractual obligation to budget for a supplemental fund to pay for implementation of certain fisheries programs and projects pursuant to the National Marine Fisheries Service (“NMFS”) 2000 Biological Opinion (pursuant to the Endangered Species Act). This category also involves funding for special legal and engineering associated with the Cachuma Project and downstream water rights hearings and orders through the State Water Resources Control Board, and other regulatory compliance activities. All of the above directly relates to the continuing operation of the Cachuma Project and the District’s water rights water.

Additionally, funding is needed for the Sustainable Groundwater Management Act (SGMA) and other District programs. The State of California regulations related to SGMA are applicable to all of the District’s Upland Groundwater Basin wells.

Non-annual recurring expenses (“NARES”) are shown in this subcategory. There expenditures are related to Santa Ynez River wells and specifically for preliminary engineering studies for a treatment facility anticipated to meet the State’s Water Quality standards for the Madera 29 well. The State’s previous mandate for Hexavalent Chromium (“Cr6”), adopted on July 1, 2014 was remanded by court order in May 2017; thus funding is not included in the FY2019/20 Budget.

For FY2019/20, there are projected net revenues available to cover Other Expenses. However, if litigation occurs related to a new Biological Opinion, the SWRCB, or other unanticipated legal services, Reserve funds may be needed.

The second expenditure category, Construction-in-Progress represents projects, facility improvements and betterment, and equipment that can be capitalized. These capital account items are typically based on a Capital Implementation Plan that was developed to assist in the prioritization of projects and activities but remains a dynamic guideline that is subject to economic, institutional and regulatory factors. Over the past six years, most capital expenditures have been deferred due to budgetary constraints, however, for FY 2019/20 infrastructure and water production expenditures are now critical to maintain water supply and ensure system-wide integrity. Capital Improvement Projects include repair and replacement of infrastructure, system mainline valve replacements, upland well replacement and treatment, and other required compliance and redundancy improvements.

The funding sources for all categories are the revenues derived primarily from Water Sales and Service, Fees and Other Revenue. Once the Operating Expenditures and Debt Service are funded from this operating revenue source, any remaining balance is applied to the Other Expenses categories, if available. The Repair and Replace and Plant Expansion Reserves are specifically designated and used to fund the Capital Improvement Projects. According to the

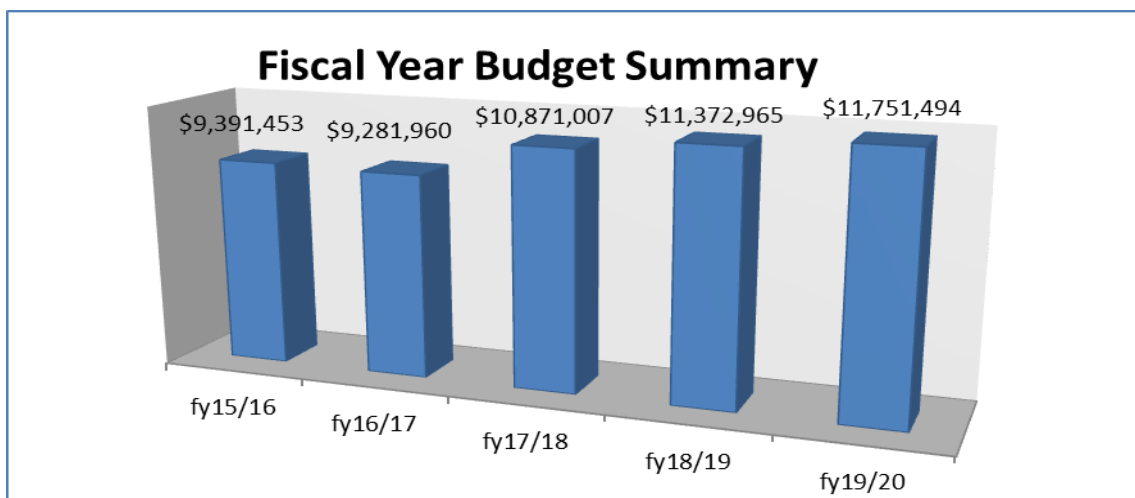
2016 Water Rate Study, the FY2019/20 CIP's were projected to be funded by operating Revenues. This is not expected to occur entirely in this budget year due to anticipated revenues constraints.

In summary, the specific revenue and expenditure categories of the Budget are a result of the adopted water rates and revenues, the prior year audit data, cross-referenced with the financial account information, and then modified using **actual** 9-month revenues and expenditure data from the current fiscal year to forecast the year-end June 30 financial figures. This information is used as the basis with known actual adjustments to develop the FY2019/20 Budget.

Budget in Detail

This Budget of \$11,751,494 reflects an overall 1.7% increase compared to the “projected” June 30, 2018 year-end results but 7.2% less than the Water Rate Study financial forecast. The basis of the Budget is primarily derived from the approved incremental water rate increase on January 1, 2019 from the rate study’s revenue table with water sales adjustments based the previous fiscal year actuals, and the \$875,000 Special Assessment Ad Valorem Tax revenue. Other anticipated financial factors include capital facility charges, interest income, stabilization of expenditures, and a decrease in the SWP water payment. The results shown below reflect forecasted revenues that will meet the projected Operating Expenditures and Debt Service with a net revenue balance of \$2,224,964 are projected. This revenue balance will fund the Other Expenses category with a remaining \$1,783,614 in net operating revenue appropriations available to fund a part of the \$2,530,499 needed for Construction-in-Progress (CIP). Therefore, \$746,886 is required from Reserves to fund the remaining balance of capital projects. The net projected position after CIP expenditures will not allow for Reserve recovery in this fiscal year.

The Budget for FY2019/20 is \$11,751,494 which represents an overall increase of only \$378,529 from the prior fiscal year budget which was an extremely conservative budget due to hardening water conservation measures and reduced water sales. This Budget deviates from the Water Rate Study that was forecasted at \$12,591,000. The most significant impact on the FY2019/20 Budget is a shift in consumption from prior years, resulting in nearly 20% less typical water demand, thus reduced consumption is corresponding to neutral revenues as compared to FY2018/19. A comparison of year-ending budgets to the FY2018/19 Budget is shown below. Table 1 below shows the total Budget comparison since FY2015/16.



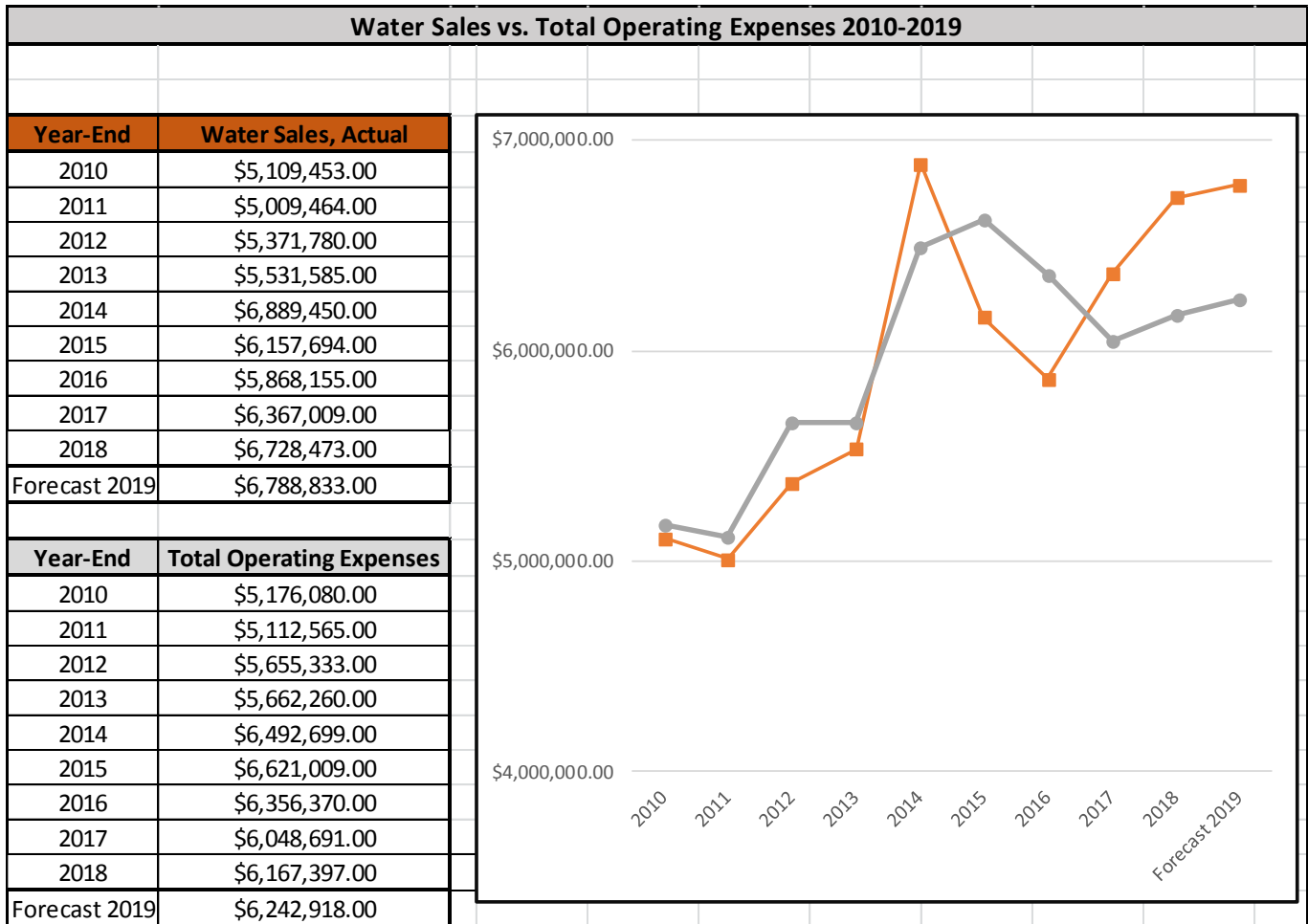
Summary of Revenues:

The District operates entirely based on the cost of service with revenues derived primarily from water sales, the special tax assessment, and other water services fees including the pass-through revenue for the City of Solvang SWP payment. For the FY 2019/20 Budget, the total Operating Revenues are projected at \$11,751,494 including the SWP revenue of \$3,166,279 from the City of Solvang which is more than the prior fiscal year by \$248,853. Actual projected total revenues are \$8,585,215 without the SWP pass-through payment and is less than last year's revenues of \$8,589,017. Table 2 shows the actual **water sales revenue** at the year-end forecast at June 30, 2019 of \$6,799,933 which is less than the previous year of \$6,996,888.

Revenues from the City of Solvang water purchases reflect a slight increase due to 70% allocation from the SWP but continuing water conservation. SWP revenue from the City of Solvang is a pass-through payment also increased from the prior year.

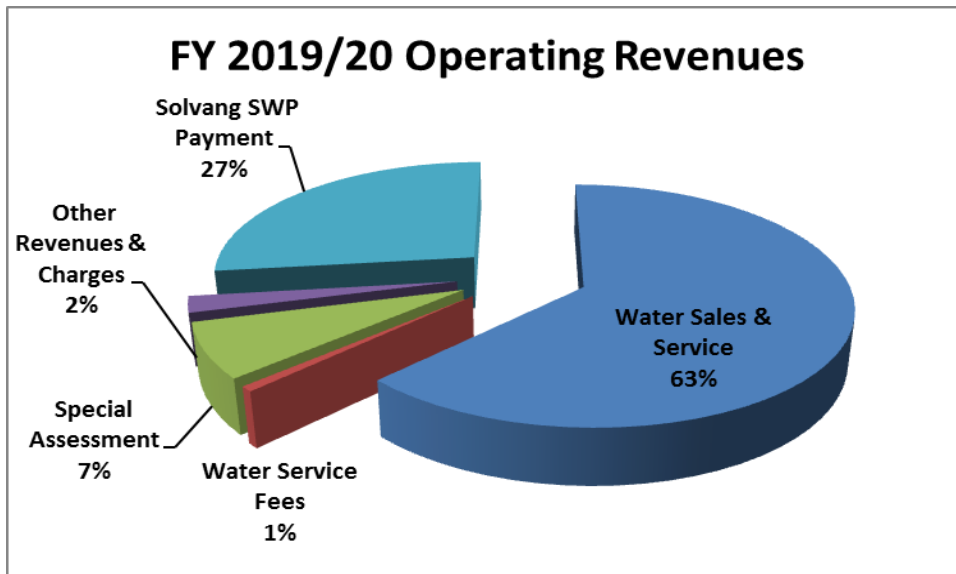
The FY 2019/20 Budget reflects the 1.7% revenue projections based on the approved water rate increases that are shown as revenue sources, Special Assessment of \$875,000, and CFC revenues, indicate slow recovery conditions. Uncertain water sales, low interest rates, and indeterminate water service revenues, remain factors in predicting a stabilization of the District's financial health. As such, the revenues for water sales and service, assessments, fees as well as other revenue sources are summarized below. Table 2 and 2A illustrate the water sales revenues and the distribution of revenue sources, respectively.

Table 2



Overall, Operating Revenues for water sales and fees for all categories in FY2019/20 generally increased by only 1.7% from the prior year year-end projections based on the revenue projections from the actual year-end figures and forecasting using the approved water rate increases. However, the FY2019/20 falls short of the planned 5% cash flow revenues in the 2016 Water Rate Study. The Special Assessment was factored into the revenue stream this fiscal year. Also, a number of cumulative factors may affect revenue certainty including conservative values for frost protection water use by Agricultural customers, more private well drilling, and continuing moderate levels of water conservation by domestic, rural residential, and agricultural customers. The revenue projections for FY2019/20 also based on the new low consumption water demand by each classification which is projected to continue with consideration the above variable factors.

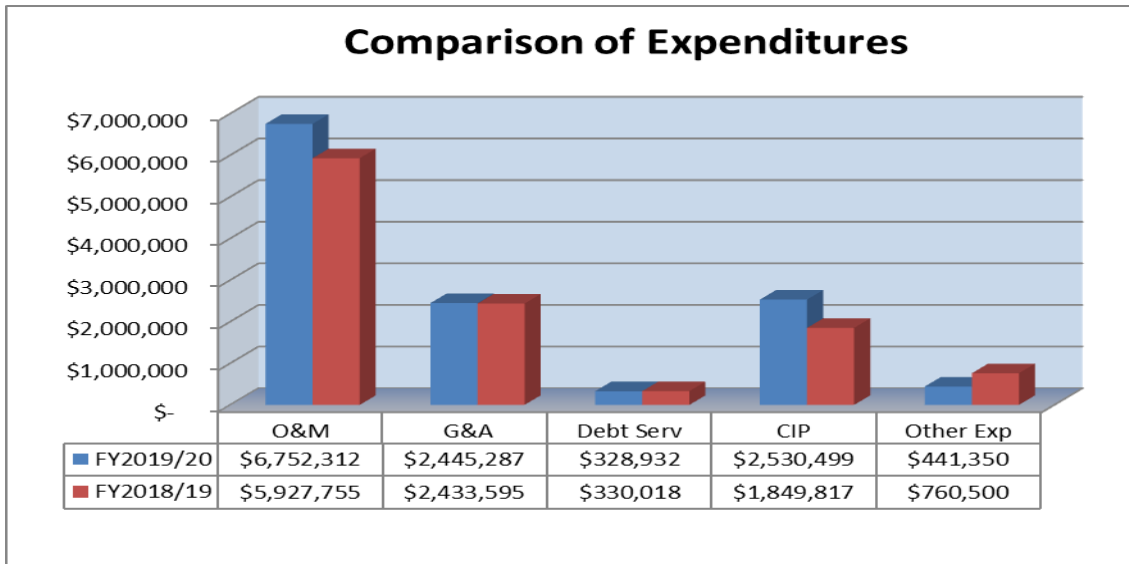
Table 2A



Summary of Expenditures:

Based on the projected Water Sales and other Operating Revenues including the Special Assessment for FY 2019/20, the overall Operating Expenditures for various accounts and programs in the categories of Operation & Maintenance, General & Administrative, and Debt Service will be adequately funded and a net revenue balance of \$2,224,964 will result. Additionally, the net balance of Operating Revenues is expected to fund the Other Expenses-Special Studies category element of the Budget and therefore, funding from Reserves will not be required. According to the 2016 Water Rate Study, net Operating Revenues (with the Special Assessment) were anticipated to fully fund operating expenses with a set aside in reserves for Construction-In-Progress (CIP) items. This will occur with a net balance of \$1,783,614 to partially fund CIP. Table 3 shows all Expenditure categories for FY2019/20 in comparison to the previous fiscal year.

Table 3



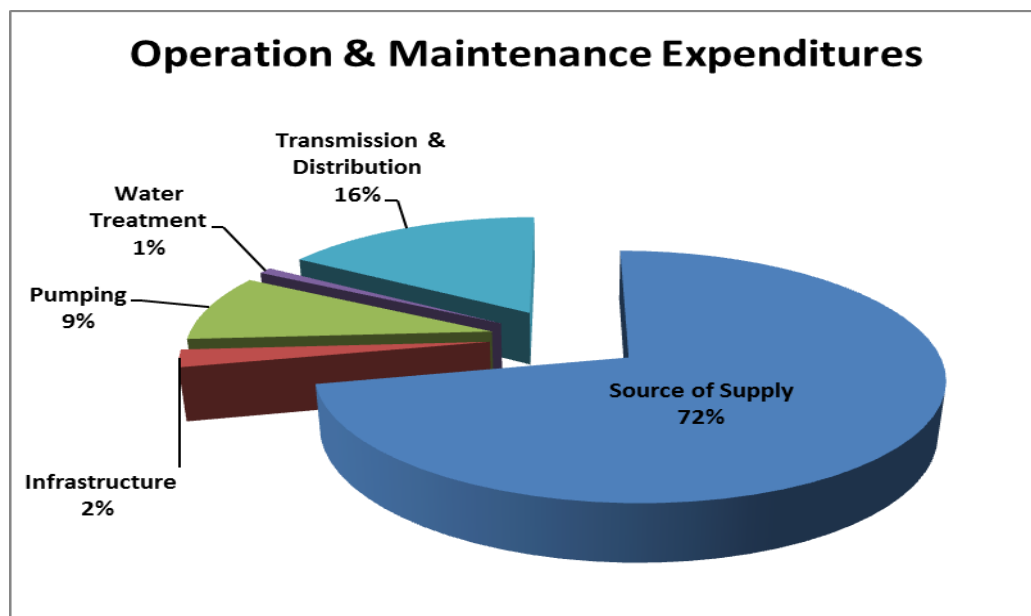
Net Revenues are expected to be sufficient to fund accounts with no re-allocated District Reserves except for a portion of the CIP in order to balance this portion of the budget.

As such, the expenditures for Operation and Maintenance, General & Administration, Debt Service, Construction in Progress and other Expenses are summarized below.

Expenditures Operation and Maintenance (O&M)

The overall budget for O&M Expenditures for FY2019/20 is greater than the prior fiscal year-end expenditures by \$980,487 with the Source of Supply category having the single largest increase by \$851,653 as compared to year-end FY2018/19. This is a result of increased DWR charges for State Water and USBR increased water rates in the coming fiscal year. Increases also are planned for the Infrastructure account by \$66,640 as a result of funding deferred maintenance, the Pumping category at \$49,521 more because of energy costs, and the Water Treatment account by \$13,946 due to more well water expected to be water produced. Transmission and Distribution slightly decreased by \$1,293 because of a change in the labor force. Table 4 illustrates the distribution of costs per O&M categories.

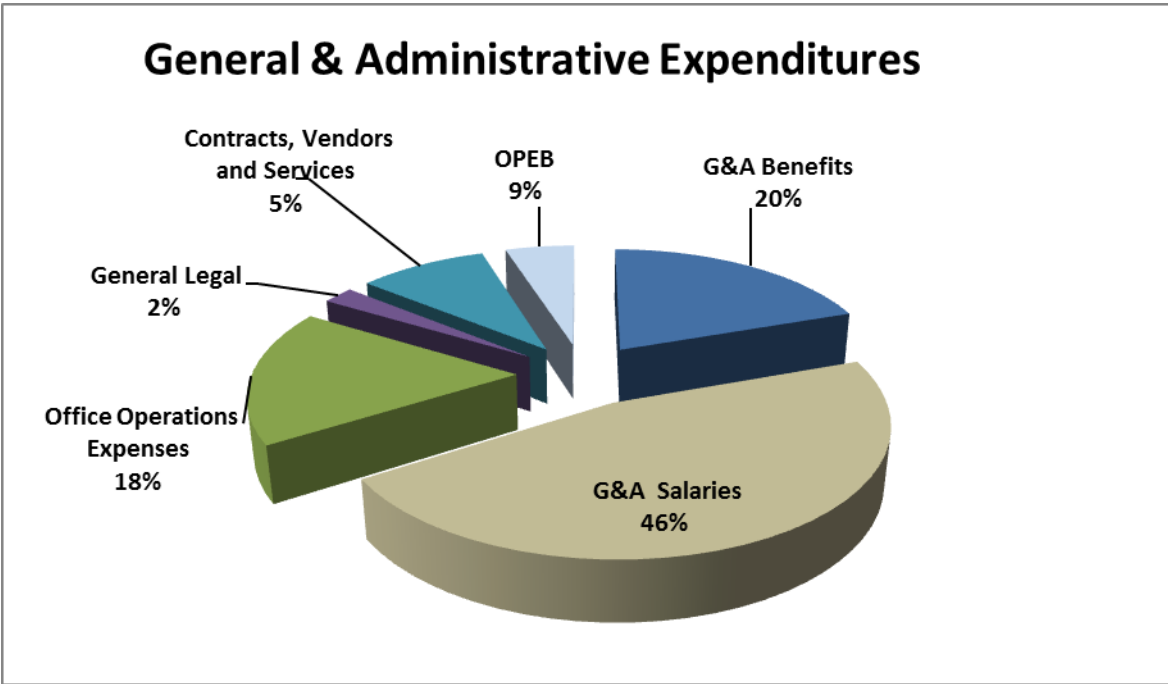
Table 4



Expenditures General and Administration (G&A)

The G&A Expenditures for FY2019/20 are slightly more than the prior fiscal year budget by \$1,692 and only \$212,035 from the year-end projections. The G&A line items are generally cost neutral from the prior year. Salaries and benefits categories remain consistent with the prior year budget with only a \$9,056 increase or ½ of 1 percent change. All other administrative, contracts, and required operations line items only slightly increase due to minor inflationary and vendor cost increases. Legal costs reflect the year-end actuals for general legal work performed to comply with law and respond to legal general counsel related issues. Table 5 below illustrates the distribution of costs for the G&A expense categories.

Table 5



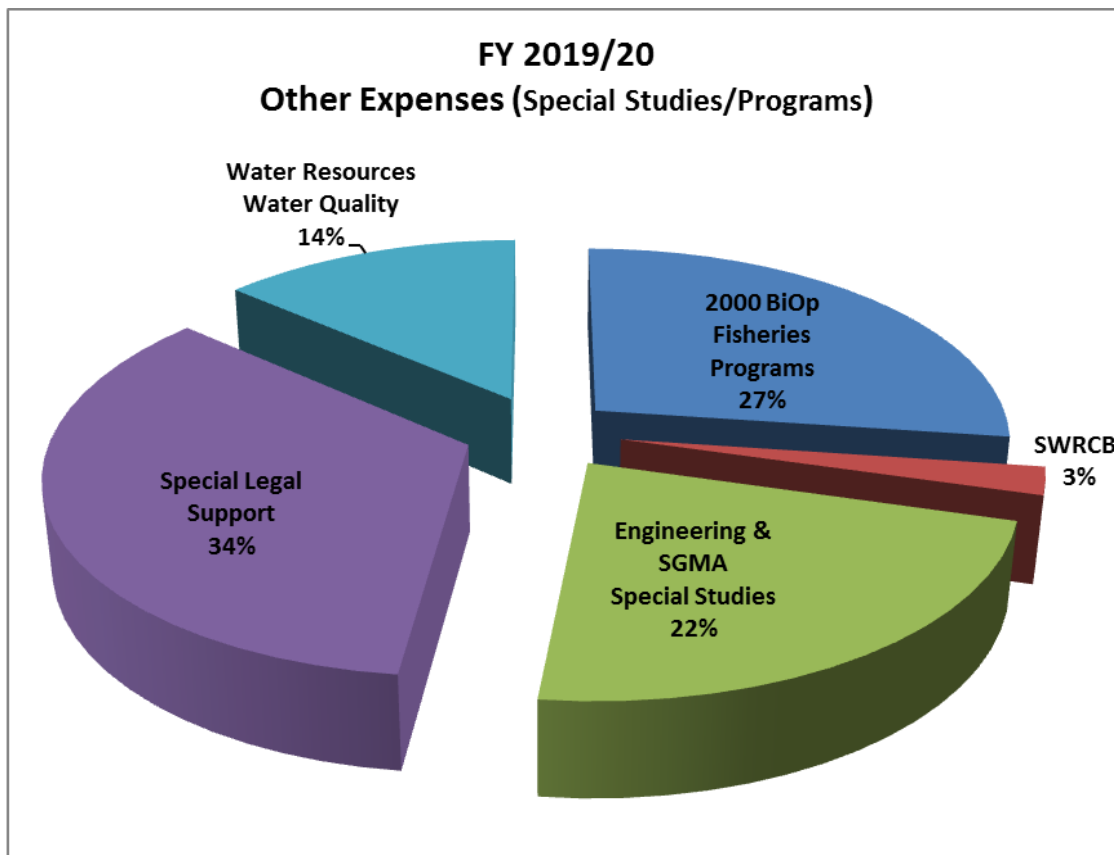
Debt Service

Debt Service accounts for FY 2019/20 include USBR Safety of Dams repayment which remains constant for the 50-year term at \$26,976 and Series 2004 “A” Bond interest and principal repayment of \$291,956 slightly decreases based on the repayment terms. The total Debt Service must be paid from operating revenues on June 1 of each year. The FY2019/20 operating Revenues inclusive of the Special Tax Assessment are expected to fund the operating Expenses plus Debt Service with the District’s Bond Covenant obligations expected to be met for CCWA and the Series 2004A requirements. The District is required to have its revenues cover 100% of its Operating Expenses with sum of its net revenue obligations for Operating Expenses and Debt Service combined must meet 125% coverage. For FY2019/20, the 2004 Series “A” Bond coverage is 629% while the CCWA Bond 2016A is 181%; and therefore in compliance the bond obligations.

Other Expenses

For FY2019/20, the \$441,350 of expenses needed in the Other Expenses category is projected to be funded by the net balance of Operating Revenues of \$2,244,964 and not derived from a Reserve re-allocation from the LAIF Repair and Replace Construction Reserve or the Plant Expansion Reserve funds as was the case in prior to FY2018/19. The summary these categories is shown on Table 6 and summarized below.

Table 6



In the Budget, the Other Expenses category is anticipated to decrease by \$384,551 compared to the year-end projections. The two primary factors are: the Fisheries Program; and Unanticipated Legal expenditures. Funds for the Fisheries items are forecast to decrease due to the reduced payment obligations as part of a legal settlement reached in 2018 following ID No.1's withdrawal from Cachuma Operation and Maintenance Board. In the new fiscal year, funds are earmarked for ID No.1's consultants and support expertise to conduct only actions required for Cachuma Project Continuing Operations related to fisheries, water rights, participation with USBR in the NMFS re-consultation, and expenditures related to the ESA and SWRCB compliance for the benefit of ID No.1 only.

The Unanticipated Special Legal for FY2018/19, there were several lawsuits and claims against the District which were unanticipated and the year-end projections are \$252,158. Although the District prevailed in some of those claims with all others pending, they required legal defense and representation. In FY 2019/20, there remains on-going threats and actual litigation continuing from the prior year; however, those legal costs not expected to be as significant.

The FY2019/20 Budget shows that the anticipated Operating Revenues are sufficient to fund the Other Expenses for Special Studies/Program: the State of California required compliance associated with Water Quality regulations and DDW compliance actions; USBR-NMFS re-consultation process; water rights protections related to the ESA compliance; Sustainable Groundwater Management Act compliance; USBR contracts; and the SWRCB draft orders and hearing process. Funding is forecast to be less with conservative consultant and special legal costs because those costs are reduced due to continuing ID No.1 in-house policy and legal expertise and resources.

The costs related to fisheries activities, SWRCB, SGMA and water rights under this budget category have resulted in a decrease in out-source funding by \$384,551 in FY2019/20 due to need to shift in funding for ID No.1 interests and infrastructure needs

The Other Expenses expenditures are based on actual expenditures from budgets, cost estimates from consultants, and limited shared contractual costs with other agencies which totals \$441,350. The funding for this category will be derived from the anticipated net revenues. With the reduction in expenditures in this category, no reserves are expected to be needed unless unforeseen events occur which funding will require approval by the Board.

Construction in Progress

In years past, the Capital Improvements under this category were typically funded by some or entirely by operating surplus revenues that are deemed additions to Construction Reserves (or the remaining revenues after the O&M, G&A, Debt Service and Other Expenses are funded) or funded using a combination of those additions to reserves and reserve funds accumulated in surplus years and held in LAIF.

Since 2012, Capital improvement projects were reduced to a minimum and deferred to future years because of significant Budget constraints and a drawdown of Reserves to meet operating costs each year since. District finances shortfalls were caused by inadequate water rates to generate needed revenues, loss of tax assessments, and water conservation resulting revenue reductions impacting the Repair and Replace Construction Reserve and the Plant Expansion Reserve. In FY 2018/19, revenues were stabilized allowing for net revenues to be added to reserves for Capital Improvements.

For FY2019/20, some significant deferred projects in the Construction in Progress category expenditures are now deemed necessary and most critical, are included in this year's budget cycle. Of the \$2,530,499 for Capital projects, it is anticipated that \$1,783,614 of the remaining net revenue balance will be applied and the outstanding balance **-\$746,886** will be funded by the Repair and Replace Construction Reserve or the Plant Expansion Reserve. The capital improvement items are based on the capital improvement program that identified projects for replacement, betterment, upgrades or repairs, and then modified to include projects from the prior year that did not occur or postponed large projects in order to manage the costs for the fiscal year. Approximately 30% of the total CIP budget for FY2019/20 is dependent on Reserve funding.

It should be noted that if additional capital improvement projects are needed, all funding will come Repair and Replace or Construction Reserves. Should the Board desire increases in a certain category, program or capital improvement project level of funding, these Reserves must be utilized. With the current funding for CIP's, **\$746,886** will be needed from Reserves, a zero balance will remain.

FY 2019/20 Budget Summary

The FY2019/20 Budget is based on the October 26, 2016 Board approved Water Rate Study and the December 2016 rate approval and an overall rate adjustment on effective on January 1, 2019 and then again a similar water usage rate adjustments with the fixed meter charges increasing on January 1, 2020. Also, revenues were projected using FY2018/19 water revenue increases of 5% for a portion of the year. All of these values were applied as the baseline revenues then adjusted to reflect the actual water sales with 20% water conservation and resulting in only a 1.7% revenue increase in water sales revenues for FY2019/20. As a result, the rate increases did not produce the forecasted and expected revenues as described in both the 2016 Water Rate Studies. In addition to the adjusted rate revenues from water sales, the Board held the collection of the Special Assessment Ad Valorem Tax to \$875,000 for the District on land value only for those parcels within its service area boundary.

As a result, the FY2019/20 Budget Revenues with the Special Assessment of **\$11,751,494** are anticipated to be sufficient to the meet O&M and G&A Expenses and Debt Service requirements of **\$9,526,531** with a net balance of **\$2,244,964**.

This net balance of \$2,244,964 will be applied will be applied to the **\$441,350** for Other Expenses needed to fund the costs for engineering, design, and permitting for facilities anticipated to meet the Water Quality standards and DDW Compliance Plan, and Special Studies expenditures, specifically the compliance requirements of the Endangered Species Act and ID No.1's programs. The end results are sufficient funds to cover all operating expenditures with a remaining net balance in the amount of **\$1,783,614** to be applied in part to Capital repairs and replacement of infrastructure and system improvements forecast at **\$2,530,499**. There is shortfall balance of **\$746,886** that will funded by the Repair and Replace Construction Reserve or the Plant Expansion Reserve.

A balanced Operating Budget is accomplished by projecting revenues that reflect the water rate adjustments and the Special Assessment Ad Valorem tax, and by controlling cost expenditures in the G&A and O&M account categories with adjustments in various levels of funding from the previous year expenditures across most accounts, and then forecasting significantly reduced interest income, water conservation impacts, and less than expected water sales revenues.

On the expenditure side, line item costs were considered and reduced where applicable. Factors affecting adjustments included the continuing operation of the water system, the cost of purchased water, supporting system maintenance, and maintaining service. Costs were stabilized to the extent possible but adjusted as expenditures were necessary and dictated by outside sources.

Debt Service will be funded from the operating revenues as required in the Series 2004A and CCWA 2016A Bonds and to meet the covenant coverage of 125% of operating costs.

Although there is an estimated \$1,455,401 net revenue balance year-ending June 30, 2019, those accumulated funds will be added to reserves to meet the June 1, 2019 Bond and SWP payment obligations for ID No.1 and the City of Solvang.

Furthermore, the **\$746,886** budget shortfall for Capital repairs and replacement of infrastructure and system improvements will be needed from Reserves to balance the FY2019/20 budget.

Recommendation: That the Board of Trustees approve the Budget for Fiscal Year 2019/2020; approve and authorize Resolution No. 788 Establishing the Appropriation Limit; and, approve Resolution No. 789 adopting the FY2019/2020 Budget and authorizing the allocation of \$746,886 from the Plant Expansion and Repair and Replace Reserves to fully fund the Construction in Progress; and, request the collection of the \$875,000 Assessment Levy.

**Santa Ynez River Water Conservation District, Improvement District No.1
FINAL BUDGET FY 2019-20**

REVENUE		FY 18/19	FY 18/19	YTD %	Projected Revenues	Final Budget
Account No.	Service & Sales	Budget	9-Month Revenues	of Budget	June 30-2019	FY 19/20
601000	Agriculture Water Sales & Meter Charges	\$ 790,198	\$ 635,680	80%	\$ 794,601	\$ 814,466
602000	Domestic Water Sales & Meter Charges	\$ 4,103,847	\$ 3,154,403	77%	\$ 3,864,144	\$ 4,018,710
602100	Rural Res/Lmt'd Ag Sales & Meter Charges	\$ 2,241,477	\$ 1,712,950	76%	\$ 2,141,188	\$ 2,291,071
602200	Cachuma Park Water Sales	\$ 14,553	\$ 11,896	82%	\$ 14,275	\$ 14,775
606000	Water Sales to City of Solvang	\$ 54,364	\$ 287,591	529%	\$ 316,350	\$ 57,082
608000	Water Sales - On-Demand	\$ 56,102	\$ 38,480	69%	\$ 46,176	\$ 47,793
611500	Fire Service Charges	\$ 115,476	\$ 91,927	80%	\$ 114,909	\$ 117,207
604000	Temporary Water Sales	\$ 5,000	\$ 3,121	62%	\$ 3,433	\$ 3,553
	Subtotal Water Sales	\$ 7,381,017	\$ 5,936,050	80%	\$ 7,295,077	\$ 7,364,657
611100	New Services Fees	\$ 15,000	\$ 49,642	331%	\$ 59,571	\$ 20,000
611900	New Fire Service Fees	\$ 1,500	\$ -	0%	\$ -	\$ 1,500
611200;612400	Misc Serv Rev;Penalties;Reconnection	\$ 60,000	\$ 50,715	85%	\$ 60,858	\$ 62,683
	Subtotal Service	\$ 76,500	\$ 100,357	131%	\$ 120,429	\$ 84,183
	Assessments, Fees & Other Revenue					
627000-627200	Special Assessment	\$ 875,000	\$ 495,295	57%	\$ 883,846	\$ 875,000
628000-630300	Interest Income	\$ 145,000	\$ 115,588	80%	\$ 144,485	\$ 147,375
625100	Annexation Fees	\$ -	\$ -	0%	\$ -	\$ -
625200	Application Fees/Special Services	\$ 14,000	\$ 3,752	27%	\$ 5,253	\$ 6,000
611600; 612300	Capital Facilities Charges;Main Ext. Fees-Admin	\$ 75,000	\$ 129,748	173%	\$ 149,210	\$ 75,000
620006; 620008	Reimbursed Labor	\$ 7,500	\$ 2,942	39%	\$ 3,677	\$ 5,000
624000-634100	Other Misc Revenues; Grants; Loans; Ins Claims	\$ 15,000	\$ 17,964	120%	\$ 34,133	\$ 28,000
620100-620500	Repair and Special Reimbursements	\$ -	\$ -	0%	\$ -	\$ -
890100	Solvang SWP Payment	\$ 2,783,948	\$ 2,917,426	105%	\$ 2,917,426	\$ 3,166,279
	Subtotal Assessment & Fees	\$ 3,915,448	\$ 3,682,715	94%	\$ 4,138,030	\$ 4,302,654
	TOTAL	\$ 11,372,965	\$ 9,719,122	85%	\$ 11,553,535	\$ 11,751,494

EXPENDITURES OPERATIONS & MAINTENANCE		FY 18/19	FY 18/19	YTD %	Projected Expenditures	Final Budget
Account No.	Source of Supply	Budget	9-Month Expenditures	of Budget	June 30-2019	FY 19/20
703000	Cachuma Project (USBR) Water Purchase	\$ 410,069	\$ 120,791	29%	\$ 231,596	\$ 283,856
703200	Cachuma Project Renewal/Environmental Fund	\$ 10,600	\$ -	0%	\$ -	\$ 26,510
704000	State Water Charge- District Payment	\$ 814,618	\$ 626,912	77%	\$ 783,639	\$ 1,300,785
86000	State Water Project - City of Solvang pymt	\$ 2,783,948	\$ 2,917,426	105%	\$ 2,917,426	\$ 3,166,938
705000	Ground Water Charge	\$ 45,000	\$ 20,826	46%	\$ 41,653	\$ 45,000
706000	Cloudseeding Program	\$ -	\$ -	0%	\$ -	\$ -
707000	River Well Field Licenses (4.0cfs , 6.0cfs, Gallery)	\$ 15,000	\$ 12,103	81%	\$ 12,103	\$ 15,000
	Subtotal S. of S.	\$ 4,079,235	\$ 3,698,057	91%	\$ 3,986,416	\$ 4,838,089
	Infrastructure					
711000	Maintenance of Wells	\$ 19,348	\$ 13,114	68%	\$ 16,392	\$ 50,200
711100	Maintenance of Packer Well	\$ 5,000	\$ -	0%	\$ 4,050	\$ 3,000
712000	Maintenance of Mains	\$ 20,000	\$ 23,442	117%	\$ 28,130	\$ 64,000
713000;714000	Maintenance of Structures & Reservoirs	\$ 40,000	\$ 6,398	16%	\$ 41,988	\$ 40,000
	Subtotal Infrastructure	\$ 84,348	\$ 42,954	51%	\$ 90,560	\$ 157,200
	Pumping					
726000	Pumping Expense - Power	\$ 590,000	\$ 442,136	75%	\$ 552,670	\$ 594,121
730000	Maintenance of Pump Structures/Stations	\$ 10,000	\$ 2,630	26%	\$ 3,024	\$ 10,000
731000	Maintenance of Blending Stations	\$ -	\$ -	0%	\$ -	\$ -
732000	Maintenance of Equipment	\$ 2,000	\$ -	0%	\$ 405	\$ 1,500
	Subtotal Pumping	\$ 602,000	\$ 444,766	74%	\$ 556,100	\$ 605,621
	Water Treatment					
744000	Chemicals	\$ 40,000	\$ 17,686	44%	\$ 20,298	\$ 25,000
747000	Maintenance of Treatment Structures	\$ 500	\$ -	0%	\$ -	\$ 500
748000	Maintenance of Disinfection Equipment	\$ 2,500	\$ 733	29%	\$ 1,533	\$ 2,500
748100	Water Disinfection Equipment	\$ 6,500	\$ 1,503	23%	\$ 5,853	\$ 7,500
748200	Water Sampling/Monitoring Equipment	\$ 3,000	\$ 3,036	101%	\$ 3,340	\$ 3,500
749000	Water Analysis	\$ 15,000	\$ 9,624	64%	\$ 12,030	\$ 18,000
749100	Water Filtration & Treatment Plant	\$ -	\$ -	0%	\$ -	\$ -
	Subtotal W.T.	\$ 67,500	\$ 32,583	48%	\$ 43,054	\$ 57,000
	Transmission & Distribution					
751000	Field Service Labor	\$ 597,872	\$ 492,368	82%	\$ 615,460	\$ 581,562
775000	PERS - Retirement	\$ 139,658	\$ 113,321	81%	\$ 141,651	\$ 109,404
775400	ACWA - Health Benefits	\$ 196,702	\$ 144,196.03	73%	\$ 180,245	\$ 213,352
775200	ACWA - Delta Dental	\$ 10,187	\$ 6,316	62%	\$ 7,895	\$ 7,832
775300	ACWA - Vision	\$ 1,652	\$ 1,170	71%	\$ 1,463	\$ 1,652
799500	Uniforms	\$ 15,000	\$ 11,255	75%	\$ 14,068	\$ 16,000
752000	Material & Supplies	\$ 5,000	\$ 6,945	139%	\$ 8,681	\$ 10,000
752100	Safety Equipment	\$ 3,000	\$ 3,568	119%	\$ 5,174	\$ 6,000
753000	SCADA Maintenance	\$ 6,500	\$ 3,550	55%	\$ 4,083	\$ 4,500
754000	Small Tools	\$ 5,000	\$ 5,210	104%	\$ 5,210	\$ 15,500
754100	Small Tool Repair	\$ 1,000	\$ 495	50%	\$ 743	\$ 1,500
755000	Transportation (vehicle maintenance/fuel)	\$ 60,000	\$ 49,175	82%	\$ 61,469	\$ 71,000
756000	Meter Service (new)	\$ 15,000	\$ 16,647	111%	\$ 19,144	\$ 20,000
756100	Meter and Service Repair	\$ 15,000	\$ 10,404	69%	\$ 11,964	\$ 12,000
757000	Road Contracts	\$ 1,000	\$ 54	5%	\$ 801	\$ 1,000
758000	Meter Purchase	\$ 3,000	\$ -	0%	\$ 2,400	\$ 3,000
758100	Meter Reading System (Sensus)	\$ 3,000	\$ 1,609	54%	\$ 1,609	\$ 2,500
759000	Maintenance of Structures and Improvements	\$ 5,000	\$ 2,309	46%	\$ 7,309	\$ 7,500
760000	Fire Hydrants	\$ 1,000	\$ 21	2%	\$ 500	\$ 2,000
761000	Back Flow Devices	\$ 100	\$ 85	85%	\$ 85	\$ 100
762000-76300	Backhoe/Cat Generator - Maintenance	\$ 10,000	\$ 866	9%	\$ 5,744	\$ 8,000
	Subtotal T. & D.	\$ 1,094,672	\$ 869,563	79%	\$ 1,095,695	\$ 1,094,402
	TOTAL	\$ 5,927,755	\$ 5,087,922	86%	\$ 5,771,825	\$ 6,752,312

EXPENDITURES G&A		FY 18/19	FY 18/19	YTD %	Projected Expenditures	Final Budget
Account No.	General & Administrative	Budget	9-Month Expenditures	of Budget	June 30-2019	FY 19/20
772000	State Unemp. Claims	\$ -	\$ -	0%	\$ -	\$ -
773000	Elections	\$ 15,000	\$ 5,600	37%	\$ 5,600	\$ -
6560	Payroll Expenses	\$ 950	\$ 783	82%	\$ 978	\$ 1,000
774000	ACWA Workers Comp Ins	\$ 24,532	\$ 20,939	85%	\$ 25,127	\$ 25,500
775000	PERS - Retirement	\$ 229,838	\$ 170,369	74%	\$ 212,962	\$ 200,928
775400	ACWA - Health Benefits	\$ 258,366	\$ 176,581	68%	\$ 220,727	\$ 266,008
775200	ACWA - Delta Dental	\$ 11,261	\$ 7,876	70%	\$ 9,845	\$ 12,044
775300	ACWA - Vision	\$ 2,086	\$ 1,497	72%	\$ 1,872	\$ 2,065
777100-777401	Management & Administrative Salaries	\$ 1,094,281	\$ 800,391	73%	\$ 1,000,488	\$ 1,134,903
21001	Other Post Employment Benefits	\$ 285,000	\$ 177,812	62%	\$ 237,083	\$ 225,890
778000	Education, Training, Travel & Conference	\$ 25,000	\$ 8,004	32%	\$ 10,005	\$ 25,000
779000	Dues & Subscription	\$ 28,500	\$ 27,070	95%	\$ 29,777	\$ 30,000
780000*799525	Office Maintenance	\$ 7,500	\$ 4,718	63%	\$ 5,898	\$ 7,500
781000	Office Supplies	\$ 12,000	\$ 7,597	63%	\$ 11,776	\$ 12,000
781100	Computer supplies, software, training	\$ 5,000	\$ 4,342	87%	\$ 4,776	\$ 5,000
782000	Postage & Printing	\$ 45,000	\$ 33,777	75%	\$ 42,221	\$ 46,000
783000	Utilities	\$ 8,705	\$ 7,175	82%	\$ 8,969	\$ 9,500
784000	Telephone	\$ 9,350	\$ 7,261	78%	\$ 10,762	\$ 14,004
785000	Special Serv-USA, website, inventory prg, Securty, Ans Serv.	\$ 13,750	\$ 5,426	39%	\$ 6,782	\$ 11,000
785100	Gov't Fees (County & State)	\$ 13,000	\$ 13,599	105%	\$ 14,959	\$ 15,000
786000	Insurance & Bonds - ACWA Insurance	\$ 55,000	\$ 43,990	80%	\$ 57,359	\$ 62,500
787000	Payroll Taxes - Federal & State of CA	\$ 130,000	\$ 86,241	66%	\$ 118,000	\$ 130,000
788000	Audit & Accounting	\$ 33,000	\$ 30,236	92%	\$ 30,236	\$ 33,000
789000	Legal - General					
	Brownstein Hyatt Farber Schreck	\$ 30,000	\$ 43,777	146%	\$ 56,277	\$ 55,000
	Stradling, Yocca, Carlson & Rauth	\$ 2,500	\$ 4,296	172%	\$ 5,369	\$ 5,000
790000	General/Professional - Consultant	\$ 25,000	\$ 19,074	76%	\$ 23,843	\$ 18,000
791000	Planning & Research	\$ 2,800	\$ 1,687	60%	\$ 2,194	\$ 13,320
792000	Bad Debt - Charge Off	\$ 850	\$ 167	20%	\$ 556	\$ 750
793000	Office Equipment/Computer Service Contracts	\$ 25,500	\$ 23,725	93%	\$ 29,657	\$ 32,000
794100	Annual Fee/Bond Redemption Costs	\$ 1,425	\$ 1,375	96%	\$ 1,375	\$ 1,375
797000	Trustee Fees	\$ 25,400	\$ 22,060	87%	\$ 27,575	\$ 28,000
799000	Miscellaneous Expenses/Vendors	\$ 22,000	\$ 15,602	71%	\$ 19,503	\$ 22,000
799600	Customer Refunds	\$ 1,000	\$ 705	70%	\$ 705	\$ 1,000
	Subtotal G&A	\$ 2,443,595	\$ 1,773,752	73%	\$ 2,233,252	\$ 2,445,287
	TOTAL	\$ 2,443,595	\$ 1,773,752	73%	\$ 2,233,252	\$ 2,445,287

SUBTOTAL EXPENDITURES		FY 18/19	FY 18/19	YTD %	Projected Expenditures	Final Budget
		Budget	9-Month Expenditures	of Budget	June 30-2019	FY 19/20
G&A/O&M	TOTAL	\$ 8,371,350	\$ 6,861,673	82%	\$ 8,005,078	\$ 9,197,599

DEBT SERVICE		FY 18/19	FY 18/19	YTD %	Projected Expenditures	Final Budget
Account No.	Debt Service	Budget	9-Month Expenditures	of Budget	June 30-2019	FY 19/20
717000	USBR SOD Repayment (Principal & Interest)	\$ 27,012	\$ 26,976	100%	\$ 26,976	\$ 26,976
794000	Series 2004 A Repayment (Bond Interest)	\$ 48,006	\$ 47,391	99%	\$ 47,391	\$ 36,956
218200	Series 2004 A Repayment (Bond Principal)	\$ 255,000	\$ 255,000	100%	\$ 255,000	\$ 265,000
	Subtotal Debt Service	\$ 330,018	\$ 329,366	100%	\$ 329,366	\$ 328,932
TOTAL		\$ 330,018	\$ 329,366	100%	\$ 329,366	\$ 328,932

TOTAL OPERATING EXPENDITURES		FY 18/19	FY 18/19	YTD %	Projected Expenditures	Final Budget
		Budget	9-Month Expenditures	of Budget	June 30-2019	FY 19/20
G&A/O&M/DEBT SERVICE TOTAL		\$ 8,701,368	\$ 7,191,040	83%	\$ 8,334,444	\$ 9,526,531

SUBTOTAL REVENUE BALANCE		FY 18/19	FY 18/19	YTD %	Projected	Final Budget
		Budget	9-Month Actual	of Budget	June 30-2019	FY 19/20
OPERATING REVENUES LESS OPERATING EXPENDITURES		\$ 2,671,597	\$ 2,528,082	95%	\$ 3,219,091	\$ 2,224,964

OTHER EXPENSES		FY 18/19	FY 18/19	YTD %	Projected Expenditures	Final Budget
Account No.	Special Studies/Programs	Budget	9-Month Expenditures	of Budget	June 30-2019	FY 19/20
Fisheries Program						
825800	Biological Opinion Implementation	\$ 202,500	\$ 167,500	83%	\$ 263,147	\$ 30,000
825401	BiOp Studies/Reconsultation (Stetson Eng. & Hanson Env.)	\$ 132,000	\$ 71,816	54%	\$ 89,770	\$ 50,000
800201	BiOp/Reconsultation/ESA (BB&K)	\$ 72,000	\$ 32,088	45%	\$ 40,109	\$ 40,000
826101	SWRCB Public Trust Resources Studies (Consultants)	\$ 15,000	\$ -	0%	\$ -	\$ -
825402	SWRCB Hearings Support (Stetson/Hanson)	\$ 15,000	\$ -	0%	\$ 20,000	\$ 10,000
Special Studies						
825500	Hydrology SYR; Cachuma Water, RiverWare (Stetson)	\$ 20,000	\$ 4,820	24%	\$ 6,025	\$ 12,000
825601	Integrated Regional Water Mgmt Plan	\$ 2,500	\$ 1,089	44%	\$ 1,362	\$ 6,350
825900	WaterCad; GIS Distribution System Model (Consultant)	\$ 10,000	\$ 2,519	0%	\$ 2,519	\$ 5,000
825600	Water Conservation Program/BMP	\$ 3,500	\$ 4,333	124%	\$ 5,416	\$ 5,500
Subtotal Spec. Std.		\$ 472,500	\$ 284,165	60%	\$ 428,348	\$ 158,850
800000	Legal & Engineering Services					
Legal						
800101; 800202	SWRCB; 94-5 Hearings; Public Trust (BB&K)(BHFS)	\$ 78,000	\$ -	0%	\$ 20,000	\$ 50,000
800500	Unanticipated or Extraordinary Special Legal					
	BFHS	\$ 15,000	\$ 201,726	1345%	\$ 252,158	\$ 75,000
	Stradling Yocca Carlson & Rauth	\$ -	\$ 4,859	0%	\$ 4,980	\$ 2,500
	Best Best & Krieger	\$ 25,000	\$ 1,351	5%	\$ 1,689	\$ 25,000
Engineering Services						
800301	Groundwater/Downstream Water Rights	\$ 5,000	\$ 8,756	175%	\$ 9,194	\$ 10,000
800300	Easements, Survey & Water Projects	\$ 30,000	\$ 17,900	60%	\$ 19,690	\$ 20,000
800102	Sustainable Groundwater Management Act	\$ 90,000	\$ 73	0%	\$ 73	\$ 40,000
Subtotal Spec. Legal/Eng.		\$ 243,000	\$ 234,664	97%	\$ 307,783	\$ 222,500
Non-Annual Recurring Expenses						
826000	CR6 Implementation Plan & Misc.Treatment Projects	\$ 30,000	\$ -	0%	\$ -	\$ 30,000
825700	Water Rate Study	\$ -	\$ -	0%	\$ -	\$ 5,000
825400	Cachuma Project Continuing Operations	\$ -	\$ -	0%	\$ -	\$ -
850500	USBR Cachuma Project Contract/Capital Programs	\$ 15,000	\$ -	0%	\$ -	\$ 25,000
Subtotal Non-Cap Exp.		\$ 45,000	\$ -	0%	\$ -	\$ 60,000
		\$ 760,500	\$ 518,829	68%	\$ 825,901	\$ 441,350

TOTAL OTHER EXPENSES		FY 18/19	FY 18/19	YTD %	Projected Expenditures	Final Budget
		Budget	9-Month Expenditures	of Budget	June 30-2019	FY 19/20
TOTAL		\$ 760,500	\$ 518,829	68%	\$ 825,901	\$ 441,350

BUDGET BALANCE		FY 18/19 Budget	FY 18/19 9-Month Actual	YTD % of Budget	Projected Yr-end June 30-2019	Final Budget FY 19/20
	TOTAL REVENUES	\$ 11,372,965	\$ 9,719,122	85%	\$ 11,553,535	\$ 11,751,494
	TOTAL O&M EXPENDITURES	\$ (5,927,755)	\$ (5,087,922)	86%	\$ (5,771,825)	\$ (6,752,312)
	TOTAL G&A EXPENDITURES	\$ (2,443,595)	\$ (1,773,752)	73%	\$ (2,233,252)	\$ (2,445,287)
	TOTAL DEBT SERVICE	\$ (330,018)	\$ (329,366)	100%	\$ (329,366)	\$ (328,932)
	Subtotal Balance	\$ 2,671,597	\$ 2,528,082		\$ 3,219,091	\$ 2,224,964
	TOTAL Other Expenses (Spec Study/Legal/Eng/NARES)	\$ (760,500)	\$ (518,829)	68%	\$ (825,901)	\$ (441,350)
	Sub Total Balance	\$ 1,911,097	\$ 2,009,253		\$ 2,393,190	\$ 1,783,614
	Budget Balance	\$ 1,911,097	\$ 2,009,253		\$ 2,393,190	\$ 1,783,614

CONSTRUCTION IN PROGRESS		FY 18/19	FY 18/19	YTD %	Projected Expenditures	Final Budget
Account No.	Capital Improvement Projects	Budget	9-Month Expenditures	of Budget	June 30-2019	FY 19/20
100.332	Water Treatment Plant/Facilities	\$ 300,000	\$ 12,310	4%	\$ 40,822	\$ 375,000
100.333	Cr6 Blending Station/Facilities	\$ -	\$ -	0%	\$ -	\$ 385,000
100.335	SWP Pump Station/Pipeline	\$ 5,250	\$ 1,540	29%	\$ 9,157	\$ 5,000
100.373	Fleet Vehicle Addition & Replacement	\$ 90,000	\$ -	0%	\$ 85,773	\$ 90,000
100.372;100.375	Office Computers, Furniture & Equipment	\$ 10,000	\$ 4,994	50%	\$ 9,906	\$ 18,000
100.318	Meter Replacement/Utility Billing	\$ 96,072	\$ 42,935	45%	\$ 49,376	\$ 129,645
100.371;100140	Office Bldg/Shop Improvements	\$ 40,000	\$ -	0%	\$ 6,000	\$ 55,000
100.376	Communication/telemetry Equipment (SCADA)	\$ -	\$ -	0%	\$ -	\$ 187,000
100.181-100186	ESRI CAD-GIS System; Equipment	\$ 1,500	\$ 1,749	117%	\$ 1,749	\$ 1,800
100.378	Major Tools, Shop & Garage Equipment	\$ 40,000	\$ 1,767	4%	\$ 19,619	\$ 55,000
100.171	4.0 CFS Well Field	\$ -	\$ -	0%	\$ -	\$ 8,000
100.311	Chlorine Bldg' @Wells	\$ -	\$ -	0%	\$ -	\$ 20,000
100.170	6.0 CFS Well Field	\$ 11,000	\$ 18,434	168%	\$ 18,434	\$ 15,000
100.350	Uplands Wells	\$ 690,000	\$ 289,882	42%	\$ 501,159	\$ 189,000
100106	Rehab/Replace/New-Trans. Mains/Laterals/Valves	\$ 550,795	\$ 155,160	28%	\$ 193,950	\$ 997,054
100.195	Refugio 2 BPS	\$ -	\$ -	0%	\$ -	\$ -
100.196	Alamo Pintado BPS	\$ -	\$ -	0%	\$ -	\$ -
100.197	Refugio 3 BPS	\$ -	\$ -	0%	\$ -	\$ -
100.198	Meadowlark BPS	\$ -	\$ -	0%	\$ -	\$ -
100.199	Gallery Well	\$ 5,000	\$ -	0%	\$ -	\$ -
100.102	Zone 1, 2, 3 Reservoirs	\$ 10,200	\$ -	0%	\$ 11,000	\$ -
100.192	Well #3 Rehab	\$ -	\$ -	0%	\$ -	\$ -
100.224	Emergency Repair - FEMA	\$ -	\$ -	0%	\$ -	\$ -
	Subtotal Cap Projects	\$ 1,849,817	\$ 528,772	29%	\$ 946,946	\$ 2,530,499
TOTAL		\$ 1,849,817	\$ 528,772	29%	\$ 946,946	\$ 2,530,499

TOTAL CIP	FY 18/19	FY 18/19	YTD %	Projected Expenditures	Final Budget
	Budget	9-Month Expenditures	of Budget	June 30-2019	FY 19/20
TOTAL	\$ 1,849,817	\$ 528,772	29%	\$ 946,946	\$ 2,530,499

RESERVE BALANCE		FY 18/19	FY 18/19	Projected Yr-end	Final Budget
Account No.	Reserve (Note 1)	Budget	9-Month Actual	June 30-2018	FY 19/20
DISBURSEMENT OF REMAINING BUDGET BALANCE (Note 2)		\$ 1,911,097	\$ 2,009,253	\$ 2,393,190	\$ 1,783,614
271.2a	Construction Reserve	\$ -	\$ (1,540)	\$ 9,157	\$ -
271.4	Special Repair Reserve	\$ -	\$ -	\$ -	\$ -
271.8	Repair & Replace Reserve	\$ (121,450)	\$ (173,595)	\$ (318,315)	\$ (138,000)
272	Plant Expansion Reserve	\$ (1,728,367)	\$ (353,637)	\$ (628,631)	\$ (2,392,499)
271.7	Extension Fee Reserve	\$ -	\$ -	\$ -	\$ -
Sub Total CIP Reserves		\$ (1,849,817)	\$ (528,772)	\$ (937,789)	\$ (2,530,499)
Funding to Reserves		\$ 61,280	\$ 1,480,481	\$ 1,455,401	
Funding from Reserves					\$ (746,886)

Note 1 : Reserves - Reserve balances are not actual expenditures of cash. However, for budgetary purposes, payments to reserve funds are treated as cash payment.

These payments are made to cash reserves to fund Construction in Progress, Capital Projects, Other Expenses or for future use by the District.

Debt Management - The District depreciates its fixed assets based on a straight line basis. Depreciation expense is not included in the budget because it is a non-cash item.

TOTAL BUDGET		FY 18/19	FY 18/19	YTD %	Projected Yr-end	Final Budget
		Budget	9-Month Actual	of Budget	June 30-2018	FY 19/20
TOTAL		\$ 11,372,965	\$ 9,719,122	85%	\$ 11,553,535	\$ 11,751,494

RESOLUTION NO. 789

**A RESOLUTION OF THE BOARD OF TRUSTEES
OF THE SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
IMPROVEMENT DISTRICT NO. 1
ADOPTING THE 2019/2020 BUDGET AND REQUESTING
AN ASSESSMENT LEVY REQUIRED TO COLLECT \$ 875,000**

BE IT HEREBY RESOLVED, by the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1 ("District"), Santa Barbara County, California, that:

WHEREAS, on January 5, 1960 a Special Election was held and voters approved a contract with the United States Bureau of Reclamation, Contract No. 14-06-200-8253 ("Contract"), for the object and purpose of providing an adequate system of water supply, storage and distribution facilities, mains and appurtenances, and lands and easements necessary therefor for Santa Ynez River Water Conservation District, Improvement District No.1, and its inhabitants; and

WHEREAS, Article 18(b) of the Contract requires the District to levy taxes and assessments to fulfill its contractual obligations; and

WHEREAS, Water Code Section 74630, and former section 20.4 of the Water Conservation Act of 1931, provide the statutory basis which allows the District to levy prior and future annual assessments to meet its obligations under a voter-approved contract, including the Contract debt obligations, and the continuing operation and maintenance of such project works; and

WHEREAS, the District refinanced its Contract debt obligations with the issuance of bonds in 1988, 1993 and 2004 and continues to pay its debt obligations incurred under the Contract, and the cost of the continuing operations, maintenance, repair, replacement, and betterment of the project works, and

WHEREAS, the bond documents require that "The income and receipts of the Bond Fund will be derived from (i) the collection of an ad valorem assessment tax (the "Assessment") collected at the same time and in the same manner as is provided by law for the collection of annual property taxes which may be levied for purposes of the District, which as collected shall be forthwith paid into the Bond Fund"; and

WHEREAS, the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1, is required by law to forward to the Board of Supervisors and the County Auditor of the County of Santa Barbara an estimate, in writing, of the amount of money needed for the purposes of Improvement District No. 1 for the ensuing fiscal year July 1, 2019 to June 30, 2020, and any reserve funds; and

WHEREAS, it is estimated that the assessment levy of \$875,000 will provide sufficient funds to meet the obligations of the District as stated above; and

WHEREAS, the District passed Resolution No. 788 on June 18, 2019 establishing its appropriation limit for the 2019/2020 fiscal year pursuant to Government Code Section 7910; and

WHEREAS, the Board of Trustees has considered a proposed budget for the fiscal year 2019/2020; and

BE IT HEREBY RESOLVED, by the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1, that the Secretary to the Board is hereby authorized and directed to forward to the Board of Supervisors and the County Auditor of the County of Santa Barbara, in writing, a request for a levy of \$875,000 for the fiscal year 2019/2020; and

BE IT FURTHER RESOLVED, that the proposed budget as shown in Exhibit "A" attached hereto and incorporated by this reference is hereby approved and adopted for the fiscal year 2019/2020.

WE, THE UNDERSIGNED, being duly qualified and acting President and Secretary, respectively, of the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1, do hereby certify that the above and foregoing Resolution was duly and regularly adopted and passed by the Board of Trustees of said District at a Regular Meeting held on the 18th day of June 2019, by the following roll call vote:

AYES, in favor thereof, Trustees:

NOES, Trustees:

ABSENT, Trustees:

ATTEST:

Mary Martone, Secretary to the Board of Trustees

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE
SANTA YNEZ RIVER WATER CONSERVATION DISTRICT,
IMPROVEMENT DISTRICT NO. 1,

ACKNOWLEDGING THE CONTRIBUTIONS AND APPRECIATION OF SERVICE
TRUSTEE KEVIN WALSH

WHEREAS, on May 13, 2013, Kevin Walsh was sworn in to serve the Santa Ynez River Water Conservation District, Improvement District No. 1 as Trustee for Division 3 representing the southern portion of the City of Solvang and the southern-most area of ID No.1 that is primarily agricultural lands; and,

WHEREAS, during his tenure as a Board Trustee, Kevin had a keen understanding of District policy, was steadfast in protecting the District's water rights, remained extremely knowledgeable of water politics and procedures, was fair in his decision-making, and always acted in the best interest of the District and its rate-payers; and

WHEREAS, His many years of water resources and management experience, education, and knowledge in the public sector has been instrumental in the regional management of State and Federal water supplies and the administration of local water policy all the while supporting and endorsing cooperation and positive results among the water purveyors County-wide and in particular, the Cachuma Project Member Units; and,

WHEREAS, during Kevin's term as Trustee, he served as President of the Board for 4 1/2 years, he served on the Cachuma Operation & Maintenance Board as Director and Alternate Director, Director on the Association of California Water Agencies as the District's representative and on many Ad Hoc Committees including City of Solvang - State Water transfer, Future Employee Benefits, Chromium 6 Committee, Water Rates, Legal Services, Cachuma Contract, and Sustainable Groundwater Management Act, Eastern Valley Management Agency where he used his experience and knowledge to make recommendations to the Board and;

WHEREAS, during his tenure Kevin, discharged his duties as a Trustee by presenting his opinion, and providing insight to many issues while emanating his strong voice of reason and protection of the District, all the time displaying respect to all those in attendance at the District's Board meetings; and,

WHEREAS, Trustee Walsh is held in the highest esteem and admired by the District's employees, Legal Counsel, both past and present, and his peer Board Members; and,

WHEREAS, in performing the public service duties of Trustee for Division 3, he has done so with especially high standards of integrity, loyalty and dedication.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No.1, hereby acknowledges and commends Kevin Walsh for 5 years of dedicated public service to the District as the Division 3 Trustee.
2. On behalf of the District staff and customers, the Board wishes to express its utmost appreciation and indebtedness for his contributions to the Santa Ynez Valley and a job well done as an elected official to this District; and,
3. The Board wishes Kevin all the best in his endeavors.

WE, THE UNDERSIGNED, being duly qualified President and Secretary, respectively, of the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1, do hereby certify that the above and foregoing Resolution was duly and regularly adopted and passed by the Board of Trustees of said District at a Regular meeting held on June 18, 2019 by the following roll call vote:

AYES, in favor thereof, Trustees:

Jeff Clay, President of the Board
Trustee - Division 2

Harlan J. Burchardi, Trustee - Division 1

Brad Joos, Trustee - At Large

Lori Parker, Trustee - Division 3

Michael Burchardi, Trustee - Division 4

Chris Dahlstrom, General Manager

ATTEST:

Mary Martone, Secretary to the Board

Gary Kvistad, District General Counsel



County of Santa Barbara
 Department of Public Works, Road Division Permit Office
 4417 Cathedral Oaks Road 620 West Foster Road
 Santa Barbara, CA 93110 Santa Maria CA 93455

Road Encroachment Permit Application

Permit No. _____

DISCRETIONARY PROJECT: Y/N (If yes, provide copy of Cond of Approval) No APN: _____

ENCROACHMENT ADDRESS: Various (5 dead end streets and 2 private driveways intersecting ROW)

DESCRIPTION OF WORK: Water main replacement including trenching, waterline construction, backfill, and asphalt/concrete surface cover, as needed.

OWNERS INFORMATION

Name: Santa Ynez River WCD, ID#1 E-mail address: general@syrwd.org

Mailing Address: P.O. Box 157, 3622 Sagunto St. City Santa Ynez Zip 93460

Telephone: (805)688-6015 (Cell) _____ (Fax) _____

*Plans must be submitted with application.

Applicant Information

Authorized Agent (fill out Authorization Signature below if checked)

Utility

Check one: ~~CONTRACTOR~~ ARCHITECT ENGINEER

Company Name: Santa Ynez River WCD, ID#1 Representative Chris Dahlstrom

Telephone: (805)688-6015 (Cell) _____ E-mail cdahlstrom@syrwd.org

Address: P.O. Box 157, 3622 Sagunto St, Santa Ynez, 93460 State License _____

Worker's Comp. Insurer: ACWA/JPIA Exp. Date: 07/01/2019

Check one: CONTRACTOR ARCHITECT ENGINEER

Company Name: _____

Company Representative: _____ Registration No.: _____

Telephone: _____ (Cell) _____ E-mail _____

Address: _____

Worker's Comp. Insurer: _____ Exp. Date: _____

Authorization Signature (complete authorization section only if Authorized Agent box above is checked)

I/We Santa Ynez River WCD, ID#1 authorize and give consent to Eric Tambini to act as
 (Print Owner Name) (Print Agent Name)

my/our authorized agent to apply for, sign, and receive in my/our behalf, a Road Division Encroachment/Excavation Permit. I/we understand that as the legal property owner where the encroachment/excavation is to take place, that I/we are responsible and liable for all actions, costs, and liabilities associated with this Encroachment/Excavation Permit.

Signed: [Signature] Date: 6/11/2019

Owner/Agent Signature (*required to be filled out by owner or agent)

I Eric Tambini hereby make application to excavate and/or encroach in the Public Road/
 (Print Name)

Right-of-Way at the location(s) and as described herein, subject to the provisions required by Ordinance No. 1491, of Santa Barbara County, applicable State or Federal Regulations, AND ANY SPECIFIED REQUIREMENTS ATTACHED HERETO.

It is agreed by the owner and applicant that the County of Santa Barbara and any officer or employee thereof shall be saved harmless by the applicant from any liability or responsibility for any accident, loss or damage to persons or property, happening or occurring as the proximate result of any of the work undertaken under the terms of this application and the permit or permits which may be granted in response thereto, and that all of said liabilities are hereby assumed by the owner or applicant.

Signed: [Signature] Date: 6/11/2019



United States Department of the Interior

BUREAU OF RECLAMATION
Mid-Pacific Region
South-Central California Area Office
1243 N Street
Fresno, California 93721-1813

IN REPLY REFER TO:

SCC-100
2.2.4.22

MAY 28 2019

Ms. Jeanine Townsend
Clerk to the Board
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-0100
Email: Jeanine.Townsend@waterboards.ca.gov

Subject: Comments of the Bureau of Reclamation on Draft Order Dated March 27, 2019
Amending Permits 11308 and 11310 Held by the United States Bureau of Reclamation
for the Cachuma Project (Revised Draft Order), Santa Ynez River, Santa Barbara
County, California

Dear Ms. Townsend:

The Bureau of Reclamation (Reclamation) appreciates the opportunity to provide comments on the State Water Resources Control Board's (State Board) March 27, 2019 Draft Order Amending Permits 11308 and 11310 for the Cachuma Project (Revised Draft Order). Reclamation requests that the State Board ultimately issue a final Order that is consistent with Reclamation's authority under federal Reclamation laws, and which is consistent with Congressional approvals for construction of the Cachuma Project. For these reasons, Reclamation joins the Cachuma Conservation Release Board (CCRB) in its request that the State Board decline to adopt the current Revised Draft Order as its final Order.

To the extent possible and in the time allowed Reclamation has coordinated with the CCRB which represents the City of Santa Barbara, the Goleta Water District, and the Montecito Water District. Reclamation joins in many of their comments and has found none to which we are averse.

Reclamation's review of the Revised Draft Order reveals that its December 9, 2016 comments on the State Board's September 7, 2016 Draft Order were not fully addressed. Therefore, Reclamation incorporates its previously submitted comments on the 2016 Draft Order by reference as if fully set forth herein. Below are Reclamation's additional comments on the Revised Draft Order. All references to page numbers are to the March 27, 2019 redline/strikeout version of the Revised Draft Order.

Reclamation's comments address the following summarized issues with the Revised Draft Order:

S.Y.R.W.C.D.ID. #1

JUN 05 2019

RECEIVED

Subject: Comments of the Bureau of Reclamation on Draft Order Dated March 27, 2019 Amending Permits 11308 and 11310 Held by the United States Bureau of Reclamation for the Cachuma Project (Revised Draft Order), Santa Ynez River, Santa Barbara County, California

2

- Actions contrary to the Congressionally authorized purposes of the Cachuma Project, including re-purposing of the Project and recalculation of Project yield;
- Requirement for a feasibility study for fish passage above Bradbury Dam that exceeds Reclamation's authority under federal law;
- Errors in characterizing the record (including a 1997 Forest Service study) on the number of miles of habitat made available by passage above Bradbury Dam;
- Lack of analysis supporting need for increased instream flows downstream of Bradbury Dam;
- Requirement for unnecessary revisions to Reclamation's contract with Santa Barbara County Water Agency (SBCWA);
- Proposing to have the Executive Director unilaterally reduce the amount of water Reclamation can divert under its permits contrary to the requirements of the California Water Code;
- The need to update CEQA to reflect new conditions in the watershed, including (but not limited to) wildfires, a new drought of record, and climate change;
- Mischaracterization of the standard for "Jeopardy" under ESA;
- Confusing use of the terms "fish" and "fisheries"; and
- The need to alter or delete various Terms in the Revised Draft Order.

We believe a number of the measures in the Revised Draft Order far exceed the "cooperative federalism" embedded in Section 8 of the Reclamation Act of 1902 and are hopeful that the State Board can re-focus its efforts on stakeholder accomplishments toward benefiting steelhead, without being diverted by these more extreme measures. In addition, Reclamation will soon be submitting a biological assessment to the National Marine Fisheries Service (NMFS) this summer, which if implemented will provide a range of flow and non-flow measures for the benefit of steelhead populations below Bradbury Dam.

Authorized Project Purposes

Construction of the Cachuma Project was authorized by Congress in 1948 to supply water for the irrigation of lands and for municipal use in the south coast areas of Santa Barbara County. Documents available to Congress at that time discussed the Project's impacts on fish and acknowledged that the Project would block access for steelhead above Bradbury Dam. In

Subject: Comments of the Bureau of Reclamation on Draft Order Dated March 27, 2019
Amending Permits 11308 and 11310 Held by the United States Bureau of Reclamation
for the Cachuma Project (Revised Draft Order), Santa Ynez River, Santa Barbara
County, California

3

addition, despite recommendations by the Fish and Wildlife Service to include fish releases, Reclamation determined that such releases would be inconsistent with the water supply purpose of the Project, and Congress ultimately authorized the Project absent authorizing any purposes or requirements for fish and wildlife. H.R. Doc. 587 at 38-39. Congress authorized construction of the Cachuma Project with the understanding that it would create an estimated 33,000 acre-feet of dependable new water supplies for irrigation, domestic and municipal use. H.R. Doc. 587 at 33.

Term 1 of the State Board's Revised Draft Order includes Fish and Wildlife Conservation as a purpose of use for the water diverted by the Cachuma Project. This appears to protect releases made for fish and wildlife purposes under Reclamation's permits. However, it should be noted that changing the authorized purposes of use of water under Reclamation's water rights does not change the congressionally authorized purposes for the Cachuma Project facilities. Congress would have to reauthorize or amend the Cachuma Project to include Fish and Wildlife Conservation as a Project purpose before Reclamation could expend its appropriations on new infrastructure for that purpose.

Reclamation Feasibility Studies

Term 24 of the Revised Draft Order requires Reclamation to study the feasibility of providing passage for fish above Bradbury Dam. However, Reclamation cannot undertake a feasibility study for fish passage above Bradbury Dam without specific authorization from Congress. Under 16 U.S.C. § 4601-19, Congress states:

Effective on and after July 1, 1966, neither the Secretary of the Interior nor any bureau nor any person acting under his authority shall engage in the preparation of any feasibility report under reclamation law with respect to any water resource project unless the preparation of such feasibility report has been specifically authorized by law, any other provision of law to the contrary notwithstanding.

Reclamation lacks general administrative construction authority (particularly with regard to the expenditure of federal appropriations), including the authority to undertake feasibility-level studies absent specific authorization from Congress. Further, given the legislative history of the Cachuma Project, absent express Congressional authorization, or a re-authorization of the Project for additional purposes, it is questionable whether Reclamation even has authority to conduct such a study with unappropriated, non-reimbursable funds. We are not aware of any legal precedent which allows the State Board to reauthorize federal Reclamation projects or studies through water right terms and conditions which supersede the normal processes under the federal Reclamation laws.

Subject: Comments of the Bureau of Reclamation on Draft Order Dated March 27, 2019 Amending Permits 11308 and 11310 Held by the United States Bureau of Reclamation for the Cachuma Project (Revised Draft Order), Santa Ynez River, Santa Barbara County, California

4

It should also be noted that Reclamation cannot ask Congress for authorization of this study (*see* 18 U.S.C. §1913 – no money appropriated by Congress shall be used in an attempt to influence a Member of Congress); persons or entities outside of Reclamation must make this request.

Available Fish Habitat Above Bradbury Dam

Reclamation asserts that the Congressional history for the Cachuma Project is definitive on this subject. In the face of this history, and without waiving its objection to any consideration of or requirement for fish passage above Bradbury Dam in the Revised Draft Order, Reclamation notes that the Revised Draft Order over-states the case for habitat made available via passage above Bradbury Dam.

The Revised Draft Order states:

The mainstem Santa Ynez River and its tributaries upstream of Bradbury Dam provide significantly more potential spawning and rearing habitat for steelhead than is available downstream of the dam. At the hearing, NMFS presented evidence that 29 percent of the potential steelhead spawning, and rearing habitat is downstream of Bradbury Dam and 71 percent is available upstream. Specifically, there are 43 miles of habitat in the mainstem river upstream of Bradbury Dam and 248 miles in upstream tributaries. (pp. 49-50, 59)

There are several errors in this statement. First, the “Stream Mileage” legend on NOAA’s “Santa Ynez River Watershed” map (NOAA Exhibit 7.a for the 2003 Phase 2 Hearing) notes that the 43 miles of mainstem habitat is also counted in the 248 miles of “Stream Distance of Selected Tributaries.” Thus, the correct number of upstream tributary miles based upon the exhibit of record, would be 205 miles.

Further, of the stated 43 miles of Santa Ynez River mainstem habitat above Bradbury Dam, only 24 miles are potentially available in the mainstem with passage above Bradbury Dam as there are other existing impassible barriers on the Santa Ynez mainstem above Bradbury Dam. By omitting that fact, the Revised Draft Order infers that 205 miles of upstream tributaries would be made available with passage above Bradbury Dam alone. This is incorrect. Passage above Bradbury Dam would only make a fraction of the upper watershed available for fish passage. In addition, the evidence on the record is contradictory on whether the reservoir or the 24 miles of stream above Bradbury Dam is suitable habitat for steelhead.

In addition, page 59 of the Revised Draft Order also states:

The United States Forest Service (U.S. Forest Service) evaluated habitat conditions above Bradbury Dam and concluded that with passage for steelhead over Bradbury Dam, the Santa Ynez River could support a steelhead run of 1,800 to 4,000 adult steelhead. (CT-12, p.9.)

Subject: Comments of the Bureau of Reclamation on Draft Order Dated March 27, 2019
Amending Permits 11308 and 11310 Held by the United States Bureau of Reclamation
for the Cachuma Project (Revised Draft Order), Santa Ynez River, Santa Barbara
County, California

5

Exhibit CT-12 is entitled "1997 U.S. Forest Service Santa Ynez Steelhead Restoration Feasibility Study."¹ Page 9 of this study states:

Projecting fry densities across the potential fish producing reaches within the Santa Ynez River basin, Forest lands would yield roughly 92,000 juvenile trout on the whole or equivalent smolts to support an adult steelhead run of approximately 1,800 (Table 1). A similar but higher estimate of potential steelhead production (4,000 adult spawners) can be derived from the quantity and quality of spawning habitat which could be made accessible to spawning within the Forest Service System lands.

Page 9 of this study further states:

Projected spawning capacities reinforces the premise that Blue Canyon, Santa Cruz and Alder Creeks are the prime potential steelhead smolt producers. Because of extensive and/or high quality available habitat, Mono/Indian Creeks, Devil's Canyon, and the lower mainstem Santa Ynez emerge as additional contenders as major production areas. (Figure 1).

The referenced Table 1 of Exhibit CT-12 shows that Blue Canyon, Alder, and Mono/Indian Creeks are located above another dam that is upstream of Bradbury Dam on the Santa Ynez River; and page 15 of this study states that these numbers of steelhead adults might be possible with passage above all impassible barriers on the Santa Ynez River mainstem - not with passage for steelhead over or around Bradbury Dam alone.

The Forest Service study concludes that passage above Bradbury Dam could result in a possible gain of hundreds of steelhead adults via Cachuma and Santa Cruz Creeks (p. 14), and the upper Santa Ynez River mainstem above Cachuma and Devil's Canyon Creek (p. 14-15). However, habitat conditions, including the possibility of passage in the mainstem Santa Ynez River to tributaries such as Devil's Canyon Creek, is dependent upon other factors in addition to providing passage above Bradbury Dam. And though passage above Bradbury Dam may provide access to Cachuma and Santa Cruz Creeks, additional passage impediments may exist on those tributaries. For example, a 2003 draft report by the California Department of Fish and Game (now Fish and Wildlife) states that "Steelhead could not access the Santa Cruz Creek tributary, Peach Tree Creek, because of impassable waterfalls on Santa Cruz Creek." (NOAA Exhibit 10, at 13 of 14, page 260).

These serious errors need to be reconsidered by the State Board before it issues a final Order.

As for Term 24 study requirements as a whole, Reclamation expects the State Board to consider that: 1) steelhead passage above Bradbury Dam alone will only provide access to a limited

¹ Reclamation's discussion of the 1997 Study should not be construed as agreement with the analysis and conclusions of the study.

Subject: Comments of the Bureau of Reclamation on Draft Order Dated March 27, 2019 Amending Permits 11308 and 11310 Held by the United States Bureau of Reclamation for the Cachuma Project (Revised Draft Order), Santa Ynez River, Santa Barbara County, California

6

number of miles of additional suitable habitat; 2) the factors impacting steelhead production on the Santa Ynez River (including, but not limited to land uses, natural and human-made passage barriers, water flows and timing, water temperatures, predation, sedimentation changes on the mainstem due to upstream storage, and nutrient changes on the mainstem due to upstream storage), are not solely attributable to Bradbury Dam; and 3) as indicated above, we are not aware of any legal precedent which authorizes or allows the State Board to direct implementation of Reclamation or studies [through water right terms and conditions] which supersede the normal processes under the federal Reclamation laws.

Expectations for Adult Steelhead Numerical Response in Relation to Increased Flows

Increased flows implemented under the 2000 BiOp were expected to increase steelhead production by increasing mainstem spawning and rearing habitat. The water releases from Bradbury Dam proposed under the Revised Draft Order presumably have a similar objective - assisting the Santa Ynez River steelhead population to ensure it is in good condition. However, given the results documented since 2000, flow increases need to be combined with operations less conducive to the proliferation of non-native predatory species such as largemouth bass and smallmouth bass.

As noted on page 66 of the Revised Draft Order, Dr. Trush stated that “More smolts and larger smolts are needed to produce more adults, but there is no reasonable basis to expect this to occur under the provisions of the 2000 BiOp given the outcomes from the last ten (10) years.” The record shows that the Revised Draft Order’s argument, that an increase in steelhead production would be expected with the new flows, is poorly supported. Again, given that the observed number of adult steelhead returns recorded under the increased 2000 BiOp flows was orders of magnitude less than the adult returns indicated as necessary for recovery, no flow/steelhead production linkage can be supported in this case.

Reclamation is already addressing flow and non-flow measures under its reconsultation with NMFS, and recommends that the State Board take this into consideration.

Contract Modification

Term 34 of the Revised Draft Order requires Reclamation to revise its contract with SBCWA to require the Member Units (the City of Santa Barbara; Goleta Water District; Montecito Water District; Carpinteria Valley Water District; and the Santa Ynez River Water Conservation District, Improvement District No. 1) to implement the water demand management measures identified as part of the urban water shortage contingency analyses contained in their urban water management plans. Term 34 is troublesome for several reasons, including its target to interfere with federal contracts conducted pursuant to federal Reclamation laws. In addition, Reclamation negotiates its contracts in good faith with the parties that are signing the contract and/or have a

Subject: Comments of the Bureau of Reclamation on Draft Order Dated March 27, 2019
Amending Permits 11308 and 11310 Held by the United States Bureau of Reclamation
for the Cachuma Project (Revised Draft Order), Santa Ynez River, Santa Barbara
County, California

7

clear responsibility to implement the contract terms and conditions. The State Board is neither a negotiator, signatory, nor responsible for contract performance implementation.

However, we believe resolution of this issue is simple. This requirement is unnecessary, as Reclamation's water service contracts already require parties receiving water from a Reclamation project to implement water conservation measures. All Reclamation contracts for the delivery of water contain the following or very similar standard article:

Prior to the delivery of water provided from or conveyed through federally constructed or federally financed facilities pursuant to this contract, the Contractor shall develop a water conservation plan, as required by subsection 210(b) of the Reclamation Reform Act of 1982 and 43 C.F.R. 427.1 (Water Conservation Rules and Regulations).

SBCWA has complied with this requirement by adoption of an urban water management plan, which includes "demand management measures identified as part of the urban water shortage contingency analyses (Revised Draft Order at p. 118)." All but one of the Member Units are bound by this requirement and have also implemented urban water management plans (Santa Ynez River Water Conservation District, Improvement District No. 1 is an agricultural supplier, and reports implementation of agricultural best management practices to SBCWA). Therefore, "(it is) not ... necessary to amend Reclamation's current contract with SBCWA, which already requires implementation of conservation plans" (Revised Draft Order at p. 119).

At the end of Term 34, the Revised Draft Order states that it authorizes the Executive Director to amend Reclamation's Cachuma Project permits "to achieve water use reductions comparable to the Member Units' water demand management measures ...". The legal basis for such statement is questionable. Reducing the amount of water Reclamation can divert under its permits, untethered to any biological demand or non-use would be dubious. Such an action would, in addition to resulting in violations of numerous provisions of the California Water Code, make the water available for new appropriations and would not likely achieve a reduction in use of previously stored water under federal Reclamation contracts.

For the above reasons, Reclamation believes that Term 34 should be deleted in its entirety, along with the last sentence in Term 12 which refers to Term 34.

Update of CEQA Documentation

Reclamation joins with CCRB's point that the State Board is relying on outdated evidence which does not reflect the current condition of steelhead in the Santa Ynez River watershed.

The following new information and changes in circumstance include, but are not limited to:

Subject: Comments of the Bureau of Reclamation on Draft Order Dated March 27, 2019
Amending Permits 11308 and 11310 Held by the United States Bureau of Reclamation
for the Cachuma Project (Revised Draft Order), Santa Ynez River, Santa Barbara
County, California

8

- Reclamation's consultation with NMFS. A biological assessment is scheduled to be submitted this summer which will accomplish a range of flow and non-flow measures for the benefit of steelhead populations below Bradbury Dam;
- The recent drought of record;
- Fires including the Thomas Fire, considered at the time to be the largest in California history, which have had a dramatic negative effect on the watershed;
- Modeling period used to determine effects of water shortages;
- Post 2011 completed tributary fish passage improvement projects;
- The effects of climate change; and
- Fish habitat conditions in the lagoon at the mouth of the Santa Ynez River.

Each of these factors require the State Board to engage in further environmental review under CEQA before it may adopt a final Order.

Misapplied Use of Words and Concepts

The Revised Draft Order uses "fish" and "fishery" interchangeably, which is confusing. In general, fish is an aquatic animal; fishery (or fisheries) relates to an activity.

Pages 67 and 68 of the Revised Draft Order indicate that the threshold for "jeopardy" is at the population level, rather than the species level. This is a mischaracterization of the standard for "jeopardy" under ESA. The standard for "jeopardy" is central to the *species* (which includes an Environmentally Significant Unit or Distinct Population Segment (DPS) Southern California Steelhead DPS, rather than a *single population* (e.g., steelhead below Bradbury Dam) within the DPS. The statement on page 68, "...it is uncertain whether the Cachuma Project will cause jeopardy to the steelhead below Bradbury Dam...", as stated in the Revised Draft Order is incorrect.

Deletion and/or Modification of Additional Terms

Reclamation reiterates its position that the State Board not adopt the Revised Draft Order. In addition, Reclamation believes any future Revised Draft Order should include at a minimum the following changes: The deletion in entirety of Terms 14, 16(e), and 35, and the modification of Term 17(5). Note: Deletion of Term 34 has previously been discussed.

Term 14 of the Revised Draft Order states:

Subject: Comments of the Bureau of Reclamation on Draft Order Dated March 27, 2019 Amending Permits 11308 and 11310 Held by the United States Bureau of Reclamation for the Cachuma Project (Revised Draft Order), Santa Ynez River, Santa Barbara County, California

9

No water shall be diverted or used under this right for commercial and applicable personal medical use cannabis cultivation unless the water right holder is in compliance with all applicable conditions, including the numeric and narrative instream flow requirements, of the current version of the State Water Board's Cannabis Cultivation Policy – Principles and Guidelines for Cannabis Cultivation.

Reclamation believes this Term should be deleted in its entirety since Reclamation is prohibited by federal law from delivering water for cannabis cultivation, and this term implies Reclamation can do so if State Board's Cannabis policy is met.

Term 16(e) requires Reclamation to recalculate the safe yield of the Cachuma Project. As discussed above, Congress authorized the construction of the Cachuma Project based on its understanding that the Project would supply approximately 33,000 acre-feet of new water for irrigation and municipal use. Reclamation believes this term should be deleted, as nothing in the water rights permitting process authorizes the State Board to require Reclamation to recalculate the yield of the Cachuma Project.

Term 17(5) of the Revised Draft Order states:

In addition to the regular ongoing meetings, right holder shall hold an annual meeting with CDFW and NMFS during each year that studies described in this Order are being conducted. The annual meeting will be held in July, unless a different date is mutually agreed upon in writing. At the annual meeting, right holder must present data collected in the previous year and report progress on each study identified in the approved study plan and compliance with this Order. (Emphasis added.)

Reclamation believes requirements in this paragraph to be overly intrusive and prescriptive regarding the manner and timing in which Reclamation conducts business and shares information with other parties. Provided Reclamation has the authority and sufficient appropriations to conduct such studies, Reclamation will then make the information available and would be happy to answer any questions California Department of Fish and Wildlife (CDFW) or NMFS may have.

Term 35 of the Revised Draft Order states:

Right holder shall submit annual status reports to the Deputy Director describing efforts to make new water supplies and conserved water available to the Member Units. The report shall include, but need not be limited to, right holder's and the Member Units' activities. The report shall include, but need not be limited to, an update on the operational status and capacity of the City of Santa Barbara's desalination plant and the operational status of any other desalination, recycled water, transfers, demand management, reservoir surcharging, or other new Right holder shall submit annual status

Subject: Comments of the Bureau of Reclamation on Draft Order Dated March 27, 2019 Amending Permits 11308 and 11310 Held by the United States Bureau of Reclamation for the Cachuma Project (Revised Draft Order), Santa Ynez River, Santa Barbara County, California

10

reports to the Deputy Director describing efforts to make new water supplies and conserved water available to the Member Units. The report shall include, but need not be limited to, right holder's and the Member Units' activities. The report shall include, but need not be limited to, an update on the operational status and capacity of the City of Santa Barbara's desalination plant and the operational status of any other desalination, recycled water, transfers, demand management, reservoir surcharging, or other new sources of supply for the Member Units that may be proposed in the future. Nothing in this Order shall be construed as an approval or endorsement of any water supply project or source of supply. The Deputy Director may modify this term's water conservation reporting requirements for consistency with water conservation reporting requirements adopted pursuant to a regulation or informational order issued pursuant to section 10609.28 of the Water Code.

Reclamation believes this Term should be deleted, as it shifts the requirement to come up with mitigation measures for impacts to water supply caused by the increase in instream flows in the Revised Draft Order from the State Board to Reclamation. CEQA requires the State Board to develop mitigation measures.

Availability of Appropriated Funds

The following Terms require Reclamation to perform studies: 19, 20, 21, and 24. All Reclamation activities including, but not limited to, these studies will require both congressional authority to conduct and expend appropriations made available to Reclamation. *See* 31 USC §1341 (the Antideficiency Act). Reclamation requests the following sentence be added to each of these Terms:

Performance of this study (these studies) is (are) contingent on the availability of sufficient appropriated funds to right holder.

Conclusion

For the above reasons, Reclamation joins the CCRB in its request that the State Board decline to adopt the current Revised Draft Order as its final Order.

As a final point, Reclamation is aware that the State Board received a letter dated April 11, 2019 from the United States Department of Agriculture Forest Service (USFS) – Los Padres National Forest (LPNF) regarding the “Cachuma Project Revised Draft Order” and fish passage around Bradbury Dam (LPNF Letter). However, it appears neither USFS or LPNF have ever participated in this proceeding until now, nor was the letter properly served on the parties included in the service list for this proceeding. Since neither USFS or LPNF has previously been a part of this process, and this letter was neither timely or properly served, Reclamation would

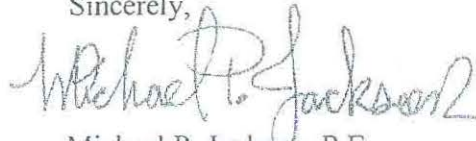
Subject: Comments of the Bureau of Reclamation on Draft Order Dated March 27, 2019
Amending Permits 11308 and 11310 Held by the United States Bureau of Reclamation
for the Cachuma Project (Revised Draft Order), Santa Ynez River, Santa Barbara
County, California

11

deem it inappropriate for the State Board to consider the LPNF Letter either formally or informally in its decision-making process.

Reclamation appreciates the opportunity to provide comments on the Revised Draft Order. Please contact me at 559-262-0300 or via email at mjackson@usbr.gov should you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Michael P. Jackson". The signature is written in a cursive style with a large, stylized "J" at the end.

Michael P. Jackson, P.E.
Area Manager

cc: Ms. Amy Aufdemberge, Esq.
Assistant Regional Solicitor
Bureau of Reclamation
Pacific Southwest Region
2800 Cottage Way, Room E-1712
Sacramento, CA 95825
Email: amy.aufdemberge@sol.doi.gov

Mr. Ray Sahlberg
Regional Water Rights Officer
Bureau of Reclamation
Mid-Pacific Region
2800 Cottage Way (MP-440)
Sacramento, CA 95825
Email: rsahlberg@usbr.gov



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Indian Wells
(760) 568-2611

Irvine
(949) 263-2600

Los Angeles
(213) 617-8100

Manhattan Beach
(310) 643-8448

3390 University Avenue, 5th Floor, P.O. Box 1028, Riverside, CA 92502
Phone: (951) 686-1450 | Fax: (951) 686-3083 | www.bbklaw.com

Ontario
(909) 989-8584

Sacramento
(916) 325-4000

San Diego
(619) 525-1300

Walnut Creek
(925) 977-3300

Washington, DC
(202) 785-0600

Steven M. Anderson
(951) 826-8279
steven.anderson@bbklaw.com

May 28, 2019

SUBMITTED VIA ELECTRONIC AND FIRST CLASS MAIL
(COMMENTLETTERS@WATERBOARDS.CA.GOV)

Jeanine Townsend
Clerk to the Board
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-0100

Re: COMMENT LETTER - Cachuma Project Revised Draft Order

Dear Ms. Townsend

These comments are submitted on behalf of Santa Ynez River Water Conservation District, Improvement District No.1 (ID No.1) with respect to the State Water Resources Control Board's (State Board) March 27, 2019 "Revised Draft Order (RDO) In the Matter of Permits 11308 and 11310 (Applications 11331 and 11332) Held by the United States Bureau of Reclamation for the Cachuma Project on the Santa Ynez River in Santa Barbara County." ID No.1 appreciates the opportunity to comment.

Summary

For the reasons set forth in our December 9, 2016 comment letter,¹ ID No.1 continues to support Alternative 3C evaluated in the State Board's Final Environmental Impact Report. However, to the extent the State Board proceeds with the adoption of Alternative 5C in the final water rights order on the Cachuma Project permit amendments (Final Order), ID No.1 provides the following comments and recommendations, focusing on the proposed changes to the RDO made by the State Board since the release of the September 7, 2016 Draft Order (Draft Order). ID No.1 contends that the revisions suggested herein, including deletions to certain language in the RDO, are needed before a Final Order is issued by the State Board.

- The State Board should closely re-examine and modify the RDO's discussion of legal standards regarding the public trust doctrine and Fish and Game Code Section 5937, as described in greater detail below.
- As acknowledged in footnote 17 of the RDO, the flow regime and water release triggers adopted by the State Board for Reclamation's operation of the Cachuma Project must

¹ ID 1 hereby incorporates by reference its December 9, 2016 comment letter.
18613.0000732079532.1

5 YR.W.C.D. ID.#1
MAY 31 2019
RECEIVED



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Jeanine Townsend
May 28, 2019
Page 2

conform with state water law standards, including Article X, Section 2 of the California Constitution, such that water released for the purported benefit of steelhead and other public trust resources must be demonstrated to provide actual benefits and thus avoid an unreasonable use, unreasonable method of use, and waste of water.²

- The RDO's newly added water supply impact analysis must be corrected.
 - The figures in Adjusted Tables 4-17 and 4-25a regarding water supply shortages and impacts (namely, the far-right columns marked "with desal") are inaccurate and should be fixed.
 - ID No.1 does not have a right or physical access to utilize desalinated water produced by the City of Santa Barbara.
 - The RDO's newly-inserted references to generalized testimony that further conservation could offset Alternative 5C's water supply impacts to ID No.1 are factually unsupportable, contrary to substantial evidence in the record, and should be deleted from the Final Order.
 - Using corrected water supply impact and shortage information will allow the State Board to properly consider the public interest in its public trust balancing analysis.
- Potential mid-year changes to Table 2 flows to respond to changing conditions would require a full analysis under the California Environmental Quality Act (CEQA) before being instituted, not merely compliance with the "CEQA Guidelines" as described in the RDO. Further, the language deleted from the Draft Order (see RDO redline § 5.3.3.5) giving the Executive Director authority to authorize a long-term reduction or termination of Table 2 flows should be re-inserted into the Final Order.
- ID No.1 strongly supports Drought Offramp Alternative 2 as an implementable and objective mechanism to preserve storage in Cachuma Reservoir to address recurring drought conditions. (See ID No.1 December 9, 2016 comments, Attachment A, Stetson Engineers, "Sensitivity Analysis of Alternative 5C using Lake Cachuma Inflow Trigger of 70,000 AF instead of 33,707 AF" ("2016 Stetson Technical Memorandum").)
- ID No.1 also continues to support the findings in the 2016 Stetson Technical Memorandum that the 70,000 AF trigger be utilized at all times for the demarcation between Table 1 and Table 2 flows, independent of the storage condition in Cachuma Reservoir and the sequence of dry years. Consistent use of the 70,000 AF trigger point would create very similar downstream flow levels while also protecting against water supply shortages, thus better balancing the needs of the fishery and the public interest.
- The RDO improperly purports to delegate authority to the Deputy Director to interfere in negotiations between the Bureau of Reclamation and the County of Santa Barbara regarding the new Cachuma Project water supply contract. Such language must be deleted in the Final Order. Reclamation already mandates conservation. Further, the

² See ID No. 1 December 9, 2016 comment letter, pp. 32-34.
18613.0000732079532.1



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Jeanine Townsend
May 28, 2019
Page 3

- Cachuma Member Units already achieve unprecedented conservation and are incentivized to conserve due to state law standards and climate conditions.
- The RDO improperly orders incorporation into the Final Order of the terms and conditions of a future NMFS Biological Opinion (BiOp) for the Cachuma Project. The terms of any future BiOp would need to be evaluated according to standards applicable under state law (e.g., balancing) before incorporation could be considered. Furthermore, incorporation of new or additional terms and conditions of a future BiOp into the State Board water rights permits would first require a full analysis under the California Environmental Quality Act (CEQA).
 - The Final Order should remove any requirement to undertake a fish passage feasibility study. As acknowledged in § 5.3.2 of the RDO, a passage study was already undertaken in 2000. Substantial evidence in the record demonstrates that passage is virtually infeasible and that circumstances/conditions related to passage have not changed in the interim. Requiring an additional passage study is arbitrary and capricious, and an abuse of discretion because Congress has not authorized Reclamation to conduct such a study, and the study of steelhead passage above Bradbury Dam involving the upper Santa Ynez River watershed is beyond the scope of the key hearing issues for the Project.
 - ID No.1 joins the comments being submitted by the Santa Ynez Water Conservation District (Parent District) related to the protection of priority downstream water rights. Any Final Order term mandating a re-evaluation of the timing of downstream water rights releases would be inconsistent with multiple prior orders and decisions of the State Board and potentially interfere with downstream rights.

Comments

I. The Final Order Must Recite and Apply the Correct Legal Standards

As reflected in ID No.1's previous comment letter,³ *National Audubon Society v. Superior Court* (1983) 33 Cal.3d 419, 446, directs the State Board to "take the public trust into account in the planning and allocation of water resources, and to protect the public trust uses whenever feasible." Fish and Game Code section 5937 provides that an owner of a dam "shall . . . allow sufficient water to pass over, around or through the dam, to keep in good condition any fish that may be planted or exist below the dam." Notwithstanding these applicable legal standards, the RDO continues to conflate and misuse "restore", "protect", "recovery", and "conserve", among other terms, in purporting to apply a hybrid legal standard to the Cachuma Project. The RDO further asserts that the term "restore" is simply "a shorthand reference for the concept of keeping fish below a dam in good condition . . . when the fish are not currently in good condition." (See RDO § 3.2.) This new "shorthand reference" has no legal support, it adds

³ See ID No.1 December 9, 2016 comment letter, pp. 24-32.
18613.0000732079532.1



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Jeanine Townsend
May 28, 2019
Page 4

confusion, and creates even greater concern about the shifting legal standards. Indeed, it is patently unclear what restore/restoration, recovery, and conserve mean in the RDO. Without clarity, the RDO will be extremely difficult to implement.

By expressly and implicitly applying a “restoration” standard to the Cachuma Project which is not reflected in the statutory and case law, the RDO fails to apply the proper legal standards and the full suite of balancing requirements necessary to protect the broader public interest. (See Cal. Const., Article X, Section 2, *National Audubon*; Water Code, §§ 1243, 1253-1257.) In particular, in issuing the Final Order, the State Board must expressly weigh whether all of the terms and conditions in the RDO are necessary to protect steelhead or other public trust resources in the Santa Ynez River below Bradbury Dam, as measured against the significant water supply impacts and other adverse effects on the public interest arising from implementation of Alternative 5C. To the extent any measures are not shown to actually benefit (and may even harm) public trust resources, such measures should be removed from the Final Order. Releasing water without knowing whether it will keep steelhead in good condition below the Dam, or whether it may encourage the propagation of beavers and steelhead-consuming bass, must be weighed against the result of losing stored water for future fishery flows and human needs. The Final Order must include Findings that its terms and conditions will not result in the waste, unreasonable use, or unreasonable method of use of water in accordance with applicable state law standards.

The RDO’s suggestion that the public trust doctrine may include “fish passage requirements” should be deleted from the Final Order.⁴ Fish and Game Code Section 5937 expressly applies only to fish below a dam, not above it. Post-record comments and information provided by NMFS on this subject do not authorize or justify a requirement to order additional feasibility studies. (See also May 2019 comments regarding fish passage feasibility studies submitted by the Cachuma Conservation Release Board (CCRB).)

Similarly, the RDO’s added references to NMFS’s interpretation of federal Endangered Species Act (ESA) standards are not directly relevant to the balancing to be undertaken by the State Board under applicable state law in considering the needs of public trust resources, the public interest, and the reasonable and beneficial use doctrine.⁵ In particular, the newly-added footnote 16 and the final sentence in Section 3.5.1 of the RDO purportedly interpreting the ESA should be deleted. Similarly, newly added Section 3.5.7 and the newly added text in Section 5.3.1.3.3 related to the NMFS Southern California Steelhead Recovery Plan—which the RDO

⁴ See RDO Section 3.1.2. For the same reason, the added words “and ordering studies of passage around Bradbury Dam” should be deleted from Section 3.3 of the RDO.

⁵ See ID No.1 December 9, 2016 comment letter, pp. 30-34; see also RDO, footnote 17. ID No.1 also objects to any requirements in the RDO giving NMFS authority to approve studies or other requirements of the Final Order, which will be a product of state law standards and requirements. (See e.g., RDO Section 5.3.3.6, RDO redline, p. 98.)



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Jeanine Townsend
May 28, 2019
Page 5

acknowledges is not part of the administrative record (see footnote 29)—should also be deleted in their entirety.

II. The RDO’s New Water Supply Impacts Analysis Must be Corrected in the Final Order

The RDO’s new water supply impact analysis is incorrect (RDO Section 5.3.3.3.). ID No.1 has previously provided information about the estimated water supply impacts of Alternative 5C. (See ID No.1 December 9, 2016 comment letter, pp. 16-22 and Attachment “A”, Stetson Engineers analysis.) That information is expressly incorporated into these comments and should be utilized by the State Board in producing the Final Order in accordance with its obligation to perform public trust balancing. Adjusted Tables 4-17 and 4-25a should be recalculated and modified to delete the column entitled “with desal.”

The Final Order should also expressly acknowledge that, even to the extent the City of Santa Barbara desalination facility is operational, ID No.1, as a Member Unit of the Cachuma Project, has no contractual or other right, nor physical access, to any water produced by that facility. Based upon the above, all language and figures in the RDO referencing the potential availability of desalinated water to ID No.1 should be eliminated. In particular, the newly added sentence that “[h]aving an additional 3,125 afa of desalination water available would eliminate the Member Units’ water supply impacts, compared to baseline conditions” (RDO Section 5.3.3.4) is entirely unfounded as applied to ID No.1 and should be deleted.

The RDO’s newly added text regarding water conservation should also be stricken. (See RDO Section 5.3.3.3, RDO redline, p. 82). The written testimony provided by the Pacific Institute and Cal Trout several years ago is incorrect and unreliable. (See also ID No.1 December 9, 2016 comment letter, pp. 31-32.) Prolonged and recurring drought conditions, coupled with significant conservation efforts within ID No.1’s service area, have hardened demands to historically low levels. The suggestion that a further 5,000 to 7,000 acre feet of water can be saved (whether partially by ID No.1 or in total by all of the Cachuma Member Units) is fiction and finds no support in the record. In fact, the RDO itself acknowledges that the testimony of Ms. Cooley was not based on any localized analysis and was patently inconsistent with testimony provided by a local expert. (RDO § 5.3.3.3.) The RDO’s newly added references to purported conservation opportunities should be eliminated.⁶

⁶ As previously noted to the State Board, ID No.1 has limited potential options to backfill any shortages resulting from implementation of Alternative 5C. Water quality concerns, including Chromium-6 issues, have placed severe constraints on ID 1’s ability to produce groundwater from the Santa Ynez Uplands groundwater basin. And, the coming implementation of the Sustainable Groundwater Management Act (SGMA) in the basin is likely to further constrain groundwater availability. Further, opportunities to acquire transfer water from the State Water Project are already limited. With the coming implementation of the Bay-Delta Water Quality Control Plan update—whether through voluntary settlement agreements among contractor/transferrors or direct action by the State Board—it is

18613.00007\32079532.1



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Jeanine Townsend
May 28, 2019
Page 6

In preparing and adopting the Final Order, and in undertaking the legally required public trust balancing, the State Board must fully consider the public interest, including the water supply impacts to the Cachuma Member Units of imposing Alternative 5C. Final Order, Section 8.1, should reflect those impacts. We believe that, once the State Board fully considers the correct information, it will no longer conclude that there will be only “minor reduction in the Member Units’ water supplies that may result during drought conditions from implementation of Alternative 5C.” (RDO, § 5.3.3.5, redline, p. 90.)

III. Mid-Year Modifications to Table 2 Flows over the Objections of Reclamation or a Cachuma Member Unit are Improper without Due Process and CEQA Compliance

The RDO proposes a mechanism to allow for in-year modifications to the required Table 2 flows as an adaptive management measure. (RDO redline, pp. 91, 119, 124, 145; Order, Para. 29.) However, any such changes can be made only upon agreement by the Cachuma Member Units and Reclamation, and only if no additional water supply impacts will occur as a result of the changes. The RDO indicates that the State Board Executive Director (ED) may override opposition to a proposed change to Table 2 flows by the Cachuma Member Units or Reclamation if the ED determines “the change is warranted and that it will not cause a greater water supply impact than would occur under the existing schedule” and the ED complies with the “CEQA Guidelines” (RDO, redline, p. 91; RDO Order, ¶¶ 16(c), 16(d), 28(a), 31.) These provisions are objectionable and must be rewritten to clarify that the water supply impact analysis must be peer reviewed by the Cachuma Member Units and Reclamation, and that any such change(s) to Table 2 flows must undergo a full analysis under the CEQA statutes before being instituted. The proposal for the ED to observe only the CEQA “Guidelines” does not comply with applicable law. (See, e.g., RDO Order, ¶ 31.) The provision should also expressly acknowledge that the full due process rights of the Cachuma Member Units and Reclamation must be observed. Before Table 2 flows are modified, public trust balancing must also be utilized to justify any flow changes.

In addition, the Final Order should retain language deleted from the RDO (at the end of Section 5.3.5.5) to allow the ED to authorize a long-term reduction or termination of Table 2 flows upon a demonstration that the flows will not benefit the fishery, or may harm the fishery.

IV. Automatic Offramp Alternative 2 Should Be Included In The Final Order

ID No.1 agrees with the critical need to preserve storage in Cachuma Reservoir for the benefit of fish flows and human needs, particularly during drought conditions. Attachment A to

anticipated transfer water will become even more difficult to obtain. (See ID No.1 December 9, 2016 comment letter, pp. 17-20.)



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Jeanine Townsend
May 28, 2019
Page 7

ID No.1's December 9, 2016 comment letter provides detailed technical information regarding operational triggers that can help protect those benefits. (See also ID No.1 December 9, 2016 comment letter, pp. 7, 13-14.) For the reasons discussed in ID No.1's previous comment letter, if the State Board decides to proceed with Alternative 5C, ID No.1 supports including Drought Off-Ramp Alternative 2 in the Final Order. Alternative 1 and discretionary review by the Executive Director would require CEQA review and has the greater potential for controversy and hurdles for the State Board given the requirements of Article X, Section 2, the public trust doctrine, and related state statutes.

V. ID No.1 Continues to Support the Use of the 70,000 AF Trigger Point

The 2016 Stetson Technical Memorandum explained in detail why the use of a 70,000 AF trigger to mark the change from Table 1 to Table 2 flows in all water year types (and not just during critical droughts) would result in very similar downstream flows as Alternative 5C, while likely preventing the number and severity of water supply shortages. (ID No.1 December 9, 2016 comment letter, p. 39-40, Attachment A.) ID No.1 asks that the State Board closely review that Technical Memorandum and strongly consider including a 70,000 AF trigger for all water year types in the Final Order. Consistent use of that trigger provides very similar benefits and flows to steelhead as using the 33,707 AF threshold. Use of the 70,000 AF trigger also better reflects a public trust balancing, particularly in view of the significant water supply impacts to ID No.1 of use of the 33,707 AF trigger in Alternative 5C. At the very least, until studies are completed that indicate the flows in Table 2 show actual benefit to steelhead, the average inflow target of 70,000 AF should be used instead of 33,707 AF. Given that the benefits from the Table 2 flows are currently unknown and may actually degrade habitat for steelhead (i.e., more non-native predators and beaver dams), using the average inflow target of 70,000 AF would reach the correct public trust balance in the interim until the study of Table 2 flows is completed.

VI. RDO Provisions Allowing the State Board Deputy Director to Interfere with Reclamation Contract Negotiations Should be Removed

For the reasons set forth in the comment letter submitted by CCRB, all provisions in the RDO purporting to delegate authority to the State Board Deputy Director to modify Reclamation's permits if it does not timely achieve water supply contract amendments with Santa Barbara County Water Agency, including demand management measures, must be eliminated. (See RDO, §§ 8.1.2, 8.5, Order, ¶¶ 34, 35.) Reclamation already requires Member Units to engage in significant conservation efforts. Moreover, ID No.1 and the other Cachuma Member Units are already achieving unprecedented levels of conservation, and are fully incentivized to conserve under state law standards, particularly in view of climatic and other conditions affecting the Cachuma Project and other sources of water supply.



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Jeanine Townsend
May 28, 2019
Page 8

VII. Incorporation of the terms of a Future Biological Opinion into the State Board Order is Improper

The RDO improperly includes new language that the terms of any new NMFS Biological Opinion (BiOp) can be incorporated by the State Board ED “upon request of right holder [Reclamation].” (RDO Order, ¶¶ 15, 29.) First, the enforceability of the terms of any future BiOp would need to be evaluated according to standards under state law (e.g., balancing). Also, in responses to comments from NMFS, the State Board has previously acknowledged that incorporation of the terms of any final BiOp into the water rights order is unnecessary. (State Board letter to NFMS, May 27, 2011) (“SWRCB may consider amending Reclamation’s permits requiring compliance with any new or revised Biological Opinion, but Reclamation’s responsibilities with regard to the terms contained in any Biological Opinion are not dependent upon those terms being incorporated into Reclamation’s permits”.) Furthermore, incorporation of new or additional terms and conditions of a future BiOp into the State Board water rights permits would require a full analysis under CEQA before being considered. Due process and a hearing before the Board also would be required. (CCR, tit. 23, § 780(a): “No action will be taken pursuant to this paragraph unless the board determines, after notice to affected parties and opportunity for hearing, that such action is consistent with California Constitution Article X, Sec. 2; is consistent with the public interest and is necessary to preserve or restore the uses protected by the public trust.”).

VIII. The RDO’s Requirement to Prepare A Passage Feasibility Study Is Inappropriate

ID No.1 joins the comments submitted by CCRB regarding the legal impropriety and lack of need for the Final Order to include a passage feasibility study requirement.⁷ (See RDO, §§ 3.1.2, 3.3, 5.3.2 Order, ¶ 24(a).) Reclamation is not authorized by Congress to prepare such a study. (See ID No.1 December 9, 2016 comment letter, p. 13.) And, as acknowledged in the RDO, a passage feasibility analysis was already conducted in 2000, passage was determined to be virtually infeasible on multiple grounds, and the potential for passage above Bradbury Dam has not changed in the interim.⁸

IX. Downstream Flows Must Be Protected

ID No.1 joins the comments submitted by the Santa Ynez River Water Conservation District regarding the protection of downstream water rights. In particular, the RDO’s addition of a proposed condition that a new instream flow study is to “[e]valuate whether the timing of

⁷ Note that the six Quiota Creek habitat improvements projects referenced in Section 5.3.3.1.3. of the RDO, along with additional passage improvement projects on Quiota Creek, have been completed.

⁸ Pages 128-129 of the RDO add text to include fish and wildlife conservation as an authorized purpose of use for Cachuma supplies. It does not appear that Congress has identified fish and wildlife conservation as one of the authorized purposes of the Cachuma Project.



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Jeanine Townsend
May 28, 2019
Page 9

releases made pursuant to Water Right Order 89-19 should be revised" (RDO, Order ¶ 24.b(6)) must be deleted.

Conclusion

ID No.1 requests that the State Board adopt Alternative 3C. To the extent Alternative 5C is selected, ID No.1 requests that the modifications and deletions described above be made to render the Final Order more protective of local water supply needs, better balanced, and more legally defensible.

Sincerely,

A handwritten signature in cursive script that reads "Steven M. Anderson".

Steven M. Anderson
of BEST BEST & KRIEGER LLP

cc: Cachuma Service List

Cachuma Project Evidentiary Hearing

UPDATED SERVICE LIST

(March 26, 2019)

Corrected for typographical errors

The parties whose email addresses are listed below agreed to accept electronic service, pursuant to the rules specified in the hearing notice.

<p>Cachuma Conservation Release Board Mr. Kevin O'Brien Downey Brand LLP 621 Capitol Mall, Floor 18 Sacramento, CA 95814 kobrien@downeybrand.com nbigley@downeybrand.com pcantle@ccrb-board.org</p> <p><i>updated 02/25/2019</i></p>	<p>City of Solvang Mr. Christopher L. Campbell Baker, Manock & Jensen 5260 N. Palm Avenue, Suite 421 Fresno, CA 93704 ccampbell@bakermanock.com</p> <p><i>updated 07/29/2011</i></p>
<p>Santa Ynez River Water Conservation District, Improvement District No. 1 Mr. Paeter Garcia 3622 Sagunto St. Santa Ynez, CA 93460 pgarcia@syrwd.org</p> <p>Mr. Steve M. Anderson Best Best & Krieger LLP 3390 University Avenue, 5th Floor Riverside, CA 92501 steve.anderson@bbklaw.com</p> <p><i>updated 03/09/2018</i></p>	<p>City of Lompoc Mr. Nicholas A. Jacobs Somach, Simmons & Dunn 500 Capitol Mall Suite 1000 Sacramento CA 95814 njacobs@somachlaw.com</p> <p><i>updated 01/06/2014</i></p>
<p>Santa Ynez River Water Conservation District Mr. Steven M. Torigiani Law Offices of Young Wooldridge, LLP 1800 30th Street, 4th Floor Bakersfield, CA 93301 storigiani@youngwooldridge.com</p> <p><i>updated 02/26/19</i></p>	<p>California Trout, Inc. Ms. Linda Krop Ms. Maggie Hall Ms. Tara Messing Environmental Defense Center 906 Garden Street Santa Barbara, CA 93101 lkrop@environmentaldefensecenter.org mhall@environmentaldefensecenter.org tmessing@environmentaldefensecenter.org</p> <p><i>updated 03/08/2018</i></p>

Cachuma Project Evidentiary Hearing

UPDATED SERVICE LIST
(March 26, 2019)
Corrected for typographical errors

The parties whose email addresses are listed below agreed to accept electronic service, pursuant to the rules specified in the hearing notice.

<p>County of Santa Barbara Mr. Michael C. Ghizzoni, County Counsel Ms. Johannah Hartley, Deputy 105 E. Anapamu Street Santa Barbara, CA 93101 jhartley@co.santa-barbara.ca.us</p> <p><i>updated 03/09/2018</i></p>	<p>U.S Bureau of Reclamation Ms. Amy Aufdemberge 2800 Cottage Way, Room E-1712 Sacramento, CA 95825 Fax (916) 978-5694 AMY.AUFDEMBERGE@sol.doi.gov</p> <p><i>updated 08/12/16</i></p>
<p>California Department of Fish and Wildlife Ms. Nancee Murray Senior Staff Counsel 1416 Ninth Street, 12th Floor Sacramento, CA 95814 Nancee.Murray@wildlife.ca.gov</p> <p><i>updated 08/15/2016</i></p>	<p>Bureau of Reclamation, Mid-Pacific Region Mr. Michael Jackson Area Manager South-Central California Area Office 1243 N Street Fresno, CA 93721-1813 mjackson@usbr.gov</p>
<p>Montecito Water District Mr. Robert E. Donlan Ellison, Schneider & Harris L.L.P. 2600 Capitol Avenue, Suite 400 Sacramento, CA 95816 red@eslawfirm.com</p>	<p>Santa Barbara County CEO's Office Ms. Terri Maus-Nisich, Assistant CEO 105 E. Anapuma Street, 4th Floor Santa Barbara, CA 93101 tmaus@co.santa-barbara.ca.us</p> <p><i>updated 09/07/2016</i></p>

The parties listed below did not agree to accept electronic service, pursuant to the rules specified by this hearing notice.

<p>NOAA Office of General Counsel Southwest Region Mr. Dan Hytrek 501 West Ocean Blvd., Suite 4470 Long Beach, CA 90802-4213 Dan.Hytrek@noaa.gov</p> <p><i>updated 05/13/2011</i></p>	
--	--

Agenda Item X. A. 1.

Cachuma Project Member Units

Goleta Water District
City of Santa Barbara
Montecito Water District
Carpinteria Valley Water District
Santa Ynez River Water Conservation District, Improvement District No. 1

June 13, 2019

Fray A. Crease
Water Agency Manager
Santa Barbara County Water Agency
130 E. Victoria Street, Suite 200
Santa Barbara, California 93101

RE: Notice on Behalf of All Cachuma Member Units Specifying Total Quantity of Available Supply Requested for Water Year 2019-20

Dear Ms. Crease:

Pursuant to Section 3(a) of the April 14, 1996 Contract Between the United States and Santa Barbara County Water Agency (SBCWA) Providing for Water Service from the Project, Contract No. I75r-1802R ("Master Contract"), the Cachuma Project Member Units, acting jointly, hereby provide Notice to the Santa Barbara County Water Agency requesting 100% of all Available Supply from the United States Bureau of Reclamation (USBR) during Water Year 2019-20, commencing October 1, 2019.

Pursuant to section 1(a), "'Available Supply' shall mean the maximum quantity of Project Water the Contracting Officer is authorized by Federal law, State law, and the Project Water Rights to make available to the Cachuma Member Units during each Water Year pursuant to this contract." As of June 3, 2019, there is 156,321 AF of water stored in Cachuma. This level of storage supports 25,714 acre-feet of Available Supply in WY 2019-20 to meet the Cachuma Member Units' request.

As required by section 3(a) of the Master Contract, the Cachuma Member Units are also submitting the attached delivery schedules for each respective agency over Water Year 2019-20 and estimate of projected water deliveries (Attachment 1).

The Cachuma Member Units trust that SBCWA will promptly deliver to USBR a copy of any subsequent Notice given to SBCWA by, or on behalf of, all Cachuma Member Units acting jointly specifying any revised proposed Supply To Be Delivered, or any revised proposed Delivery Schedule for the Water Year.

Sincerely,

[Signatures to follow on next page]

Notice on Behalf of All Cachuma Member Units Specifying Total Quantity of Available Supply Requested for Water Year 2019-20

John McInnes
General Manager
Goleta Water District

By: _____

Kelley Dyer
Water Supply Manager
City of Santa Barbara

By: _____

Nicholas Turner
General Manager
Montecito Water District

By: _____

Robert McDonald
General Manager
Carpinteria Valley Water District

By: _____

Chris Dahlstrom
General Manager
Santa Ynez River Water Conservation District, Improvement District No. 1

By: 

Cc: Michael Jackson, PE, Area Manager, South-Central California Area Office, United States Bureau of Reclamation

Enclosures:

Attachment 1 (Cachuma Member Unit M&I and Agricultural Water Delivery Schedules)

2019-20 WATER YEAR CAHCUMA ENTITLEMENT OBLIGATION - WATER DELIVERY SCHEDULE

(All figures are in Acre Feet)

Month	Carpinteria VWD	Goleta WD	Montecito WD	City of Santa Barbara	SYRWCD ID#1	TOTALS
October, 2018					300	
November					60	
December					56	
January, 2019					0	
February					0	
March					100	
SUB-TOTAL					516	
April					165	
May					200	
June					375	
July					450	
August					495	
September					450	
SUB-TOTAL					2135	
TOTAL Entitlement	0	0	0	0	2651	0
Entitlement Request	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2651</u>	<u>2651</u>
Entitlement %						
TOTAL	0	0	0	0	2651	2651

ENTITLEMENT REQUEST BREAKDOWN - AG / M & I
2019-2020 WATER YEAR: 1ST PERIOD REQUEST (10/01/19-3/31/20)
CACHUMA PROJECT, CONTRACT I75r-1802R

MEMBER UNIT	Classification	TOTAL AF Ordered
Goleta Water District	M & I	0
	Irrigation	0
	Total	0
City of Santa Barbara	M & I	0
	Total	0
Montecito Water District	M & I	0
	Irrigation	0
	Total	0
Carpinteria Valley Water District	M & I	0
	Irrigation	0
	Total	0
SYRWCD-ID#1	M & I	273
	Irrigation	243
	Total	516
U.S.B.R. TOTALS		516

Breakdown is based on the percentages defined in the Renewal Master Contract, dated April 14, 1996.
Pursuant to Bureau of Reclamation letter to Santa Barbara County Water Agency dated August 10, 1981, it is req
use whole acre-feet, commencing Water Year 1982-83.

ENTITLEMENT REQUEST BREAKDOWN - AG / M & I
2019-2020 WATER YEAR: 2nd PERIOD REQUEST (4/01/20-9/30/20)
CACHUMA PROJECT, CONTRACT I75r-1802R

MEMBER UNIT	Classification	TOTAL AF Ordered
Goleta Water District	M & I	0
	Irrigation	0
	Total	0
City of Santa Barbara	M & I	0
	Total	0
Montecito Water District	M & I	0
	Irrigation	0
	Total	0
Carpinteria Valley Water District	M & I	0
	Irrigation	0
	Total	0
SYRWCD-ID#1	M & I	662
	Irrigation	1,473
	Total	2,135
U.S.B.R. TOTALS		2,135

Breakdown is based on the percentages defined in the Renewal Master Contract, dated April 14, 1996.
 Pursuant to Bureau of Reclamation letter to Santa Barbara County Water Agency dated August 10, 1981, it is req
 use whole acre-feet, commencing Water Year 1982-83.



June 11, 2019

Scott H. Campbell
Best Best & Krieger LLP
300 South Grand Avenue, 25th Floor
Los Angeles, California 90071

Re: Request for Conflict Waiver

TRUSTEES:

DIVISION 1
LOS OLIVOS
Harlan J. Burchardi

DIVISION 2
SOLVANG
Jeff Clay

DIVISION 3
SOLVANG
Kevin Walsh

DIVISION 4
SANTA YNEZ
Michael Burchardi

TRUSTEE-AT-LARGE
Brad Joos

GENERAL MANAGER
Chris Dahlstrom

Dear Mr. Campbell:

Thank you for your letter dated June 10, 2019 to the Santa Ynez River Water Conservation District, Improvement District No.1 (“District”) regarding a request by the City of Solvang (“City”) for Best Best & Krieger LLP (“BBK”) to provide Interim City Attorney services to the City for a limited yet undermined time.¹ As you know, BBK has provided legal services to the District for over 30 years on a variety of water resource and related issues affecting the District. Throughout our long-standing relationship, and to this day, the District routinely relies on BBK and its team of experts as our trusted advisors.

Your letter identifies several matters wherein the respective interests of the City and the District create or have the potential to create actual and perceived conflicts of interests for BBK to simultaneously provide legal services to both entities. In that context your letter describes certain risks to the District and its invaluable relationship with BBK.

To be clear, the District is sensitive to the City’s needs to secure interim legal counsel and a new City Attorney. We look forward to our ongoing work and cooperation with the City, and we understand and appreciate why BBK is such an attractive candidate to the City. However, for reasons noted herein and in your letter, and in the interests of protecting the integrity of our relationships with BBK and the City, the District respectfully declines to consent for BBK to provide Interim City Attorney services to the City as requested by your letter.

Should you have any questions or concerns related to this matter, please feel free to contact me at (805) 688-6015.

Sincerely,

Chris Dahlstrom
General Manager

¹ Your June 10 letter begins by stating the District has asked BBK to provide Interim City Attorney services to the City, which is not correct. The City (not the District) has asked BBK to provide legal services to the City and the District has been made aware of that proposal only by virtue of your letter.

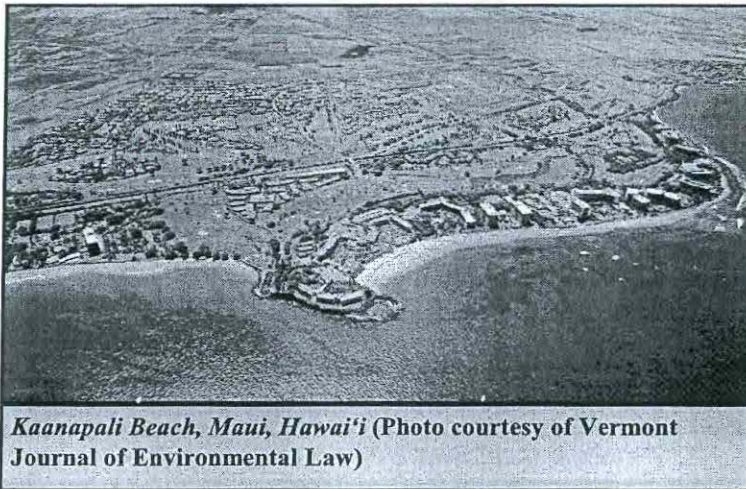
Monthly Briefing

A Summary of the Alliance's Recent and Upcoming Activities and Important Water News

Alliance, Other Farm Organizations File *Amicus* Brief in Supreme Court CWA Groundwater Case

The Supreme Court has agreed to hear what many believe may be the biggest environmental case of this year: a dispute over which types of pollution discharges trigger the Clean Water Act (CWA). *County of Maui, Hawaii v. Hawaii's Wildlife Fund* involves the discharge of municipal wastewater into injection wells. While local environmentalists on the island of Maui pushed for a settlement to prevent this case from being heard by the highest court in the land, numerous *amicus* briefs supporting Maui were filed from a host of conservative and industry figures, including a group of GOP senators, industry associations, conservative groups, local governments, water utilities and Republican-led states.

The Family Farm Alliance is part of a group of eight national agriculture organizations that joined in an *amicus* cu-



Kaanapali Beach, Maui, Hawaii (Photo courtesy of Vermont Journal of Environmental Law)

riae ("friend of the court") brief that was transmitted to the U.S. Supreme Court earlier this month.

Background

Environmentalists allege the County of Maui needed a CWA permit for the discharges because the wastewater eventually seeped through groundwater and

ended up in the Pacific Ocean. The circuit court agreed with environmental groups in *Maui* that the CWA— which governs the discharge of pollutants from discrete "point sources" into "waters of the United States" — applies even when the pollution migrates through groundwater before reaching a waterway that is subject to federal jurisdiction.

Implications for Agriculture

The outcome of the Maui case has significant potential impacts on irrigators and other water users. If ground water is considered a "conduit" to connected surface water for purposes of the Clean Water Act, then any water placed on the surface of the ground, that percolates into the ground, will be examined as a potential point source discharge of pollution. That could be canals, ponds, regulating reservoirs, drains, recharge sites, even farms - anything that results in water seeping into the ground.

The Alliance board of directors last month authorized joining an ag-centric *amicus* effort being led by the American Farm Bureau Federation in the Supreme Court *Maui* groundwater case, since this case has implications for irrigators. The Alliance joins seven other national agricultural organizations involved in the Farm Bureau effort, among them the National Cat-

STORIES INSIDE.....

	Page #
Interior Finalizes First Ever CE as Part of New Title Transfer Process	3
Infrastructure Talks Collapse—Congress Turns to Highway Bill	4
Disaster Package Blocked in House: Flood and Fire Assistance on Hold	5
Alliance Supports <i>Resilient Federal Forests Act of 2019</i>	6
Congress Addresses Significance of Ag's Role to Provide Climate Solutions	7
Farm Bill Conservation Title Implementation Underway	8
House Democrats Increase FY 2020 Energy-Water-Interior-EPA Funding	9
White House to Move Quickly on NEPA Rules	9
Colorado River Basin DCP Signed at Hoover Dam	10
Risch, Fulcher Introduce Legislation to Better Recharge Idaho Aquifer	10
Reclamation Seeks Stakeholder Input on Transferred Works	11
Reclamation Updates 2019 CVP South-of-Delta Water Allocations	11

Continued on Page 2

Maui Groundwater Case (Continued from Page 1)

tlemen’s Beef Association, National Corn Growers, The Fertilizer Institute and the Agricultural Retailers Association.

“The Alliance and other parties involved in the amicus effort are not parties to the *Maui* particular litigation but seek to advise the Supreme Court in respect to those matters of law that directly affects the case,” said Norm Semanko, general counsel for the Family Farm Alliance.

This amicus effort is intended to protect routine agricultural operations from a potentially limitless expansion of the CWA National Pollution Discharge Elimination System (NPDES) program.

“The upshot could be endless third-party lawsuits regarding the application and scope of ag-related exemptions in the CWA,” said Mr. Semanko.

Arguments from Ag Organizations

The arguments posed by the Alliance and other agricultural organizations fall into two general categories. First, they argue that additions of pollutants to groundwater are not discharges of pollutants to navigable waters under the CWA.

“Requiring NPDES permits for point source additions to groundwater is inconsistent with the Clean Water Act’s plain text,” says Mr. Semanko. “The statutory structure shows that NPDES permits are not required for point source additions to groundwater. Numerous substantive canons and the Clean Water Act’s legislative history provide further justification for the Supreme Court to reverse the lower court decision.”

The second argument emphasizes that requiring permits for indirect additions of pollutants through groundwater would wrongly expand the reach of the CWA to ordinary and routine agricultural activities.

“Many ordinary agricultural activities can result in discharges to groundwater,” said Alliance Executive Director Dan Keppen. “Requiring NPDES permits for groundwater discharges would be devastating for farmers and ranchers and impractical for regulators.”

EPA Backs Industry

The U.S. Environmental Protection Agency (EPA) is

backing major industry groups, GOP-led states and others for the U.S. Supreme Court to reject environmentalists’ claim that the CWA limits surface water contamination from groundwater-borne pollution. EPA argues that any such liability in *County of Maui v. Hawai’i Wildlife Fund*, et al. would violate Congress’ intent when developing the water law.

The Trump Administration argues that justices should consider the EPA’s newly revised position on the CWA’s reach over groundwater and exclude any sub-surface flows from the CWA’s NPDES permit program. However, EPA stops short of asking the high court to give formal deference to its new groundwater policy.

Instead, the *amicus* brief touts the agency’s “interpretive statement” as the best reading of the CWA and asks the justices to agree with it on the merits. But EPA asked the court to limit its *Maui* decision to the narrow subject of groundwater to deter discharges from gaming the system of becoming “indirect” sources.

Meanwhile, plaintiff Earthjustice has made a settlement offer to Maui County, with a County resolution being filed that would direct County officials to send all settlement offers to the council for an up-or-down vote. Those efforts to settle reached an impasse late this month, as the county council’s Governance, Ethics and Transparency Committee split 4-4 in a vote on whether to advance a resolution that favors withdrawing the pending appeal. That committee instead opted to defer the issue, but indicated it expects to take it up again in the future.

Requiring Permits for Indirect Additions of Pollutants Through Groundwater Would Wrongly Expand the Reach of the CWA to Routine Agricultural Activities

A vast array of ordinary agricultural activities will be adversely affected if the NPDES permitting scheme is extended to pollutants that travel through groundwater to navigable waters.

These include:

- Fertilizer application
- Livestock feeding
- Pesticide application
- Irrigation
- Agricultural stormwater
- Farm ponds
- Other farm operations

Beyond the direct agricultural activities that could be swept into the NPDES net are also the activities of the industries that support agriculture.

Late Breaking CWA News

A Texas court has remanded the 2015 “waters of the US” (WOTUS) rule back to EPA, stating the agency violated the Administrative Procedures Act in promulgating the rule. Meanwhile, the Trump Administration continues its efforts to rescind and replace the WOTUS rule.

The May 28 ruling from the U.S. District Court for the Southern District of Texas also declines to rule on the substantive challenges to the merits of the rule itself, saying “they are premature at this time.” EPA and the Army Corps of Engineers hope to complete a joint rule rescinding the 2015 rule in August and finalize a new, narrower definition of WOTUS in December.

Interior Finalizes First Ever Categorical Exclusion As Part of Improved Title Transfer Process

U.S. Secretary of the Interior David Bernhardt this month announced two actions that will expedite the transfer of eligible Bureau of Reclamation (Reclamation) facilities into local ownership and management: a new Categorical Exclusion (CE) and an update of Reclamation’s operating manual procedures to streamline the title transfer process.

“Title transfers are one of several positive means of strengthening control of water resources at the local level. In addition, they can help reduce federal costs and liability, and allow for a better allocation of federal resources,” said Family Farm Alliance Executive Director Dan Keppen.

Despite the benefits, local water agencies are many times discouraged from pursuing title transfer because the process is expensive and slow. Environmental analyses can be time consuming, even for uncomplicated projects that will continue to be operated in the same manner as they always have been. National Environmental Policy Act (NEPA) and the procedures required to address real property and cultural and historic preservation issues are often very inefficient, time consuming and expensive. Moreover, every title transfer currently requires an act of Congress to accomplish, regardless of whether the project covers 10 acres or 10,000 acres.

The actions proposed by Interior make it easier for water users to take title – ownership – to simple and non-complicated Reclamation facilities by expediting the process following direction from President Trump and Congress. Streamlining the title transfer process incentivizes new non-federal investment in water infrastructure and allows for more efficient management of water and water-related facilities.

This limited conveyance of federal Reclamation projects or facilities, such as diversion dams, canals, laterals and other water-related facilities, benefit local water beneficiaries who will have greater autonomy and flexibility in managing these facilities. Local ownership can also provide financial collateral for capital improvements that could be made at these transferred facilities. Ultimately, the American taxpayer benefits from the eligible transfers covered under these actions since divestiture decreases federal liability.

“This new title transfer process embodies the President’s goals of streamlining bureaucratic processes and making our government more efficient and accountable,” said Secretary Bernhardt. “Title transfers are a win for local communities and a win for the American taxpayer. The Department looks forward to continuing our work with lo-

cal water users to reduce title transfer costs, stimulate infrastructure investment through local ownership with the bottom-line goal of making this new streamlined approach a major success.”



Interior Secretary David Bernhardt. Photo source: U.S. News and World Report.

While 33 title transfer authorizations have taken place since the mid-1990’s as a result of congressional action, the Trump Administration and Congress agreed that the program needed streamlining to facilitate more voluntary transfers. Interior’s actions follow President Donald Trump’s Fiscal Year 2020 budget request on “title transfer” activities and the recent enactment of S. 47, the *John D. Dingell, Jr. Conservation, Management, and Recreation Act* (Dingell Act).

Secretary Bernhardt’s first administrative action to facilitate title transfers is a CE under NEPA. The new CEs – submitted to the Federal

Register – is the first one for Reclamation in decades. The CE lists a number of criteria that will determine if simple, non-controversial or uncomplicated facility transfers can be expedited under NEPA.

The second action is in response to enactment of Title VII of the Dingell Act, in which Reclamation is allowed to transfer title of certain types of Reclamation facilities that will no longer require authorizing legislation at the end of the process. As part of this action, Reclamation updated its operating manual to implement the law and the new CE. Each title transfer will be reviewed on a case-by-case basis to determine if the new CE and the new authority would apply.

“Reclamation and non-federal entities have worked together for many years on specific title transfers that can become time-consuming and costly,” said Reclamation Commissioner Brenda Burman. “This new streamlined title transfer process – including the new CE and the new authority provided by Congress – will allow for appropriate transfers to take place without congressional legislation in a more timely and cost-effective manner.”

The Alliance worked closely with the Interior Department in the past year as it was developing the new rules, which complement title transfer legislation that was signed into law earlier this year by President Trump as part of the Dingell Act. Alliance Advisory Committee member Tom Knutson (NEBRASKA) and Mr. Keppen both testified before a House subcommittee in the last Congress in support of title transfer legislation.

The new CE and the title transfer process is available on Reclamation’s Title Transfer website at <https://www.usbr.gov/title>.

Editor’s note- this article includes excerpts of Interior Department press release.

Infrastructure Talks Collapse Congress Turns to Highway Bill

After a White House meeting on how to pay for \$2 trillion in public infrastructure fell apart earlier this month, congressional leaders returned to Capitol Hill with the odds of Congress passing a broad infrastructure package looking slimmer than ever. Now, it seems likely Congress will pursue a narrower surface transportation bill, possibly reauthorizing the Fixing America's Surface Transportation (FAST) Act, which is set to expire in October 2020.

At the White House meeting, President Trump stated he would not work with Democrats on infrastructure unless they dropped their ongoing investigations of his Administration, bringing an end to the meeting.

Prior to the meeting, reportedly a presidential letter to congressional leaders stated the Administration wanted to prioritize trade agreements over an infrastructure push.

Rep. Rodney Davis (R-Ill.) told *POLITICO* that if a measure isn't passed before August, "it's likely that it would have to be combined with the highways and transit bill, which would take other opportunities for water and other infrastructure needs off the table."

After August, the political energy in Washington will primarily be spent on the presidential campaign. Both congressional leaders and White House officials are deeply skeptical that passing a bipartisan infrastructure bill is possible. "It's all about positioning themselves in a way that you can blame the other side for nothing happening," a source close to the White House told *POLITICO*.

House Transportation and Infrastructure (T&I) Committee Chairman Peter DeFazio (D-OR) stated that he now will focus on a transportation bill. Reps. Dan Newhouse (R-WASHINGTON) and Jim Costa (D-CALIFORNIA) organized a "Dear Colleague" letter to House T&I leadership calling for water infrastructure to be included in any infrastructure package. That letter was supported by the Family Farm Alliance, as was the *SAVE Water Act*, legislation in-

troduced by Rep. Josh Harder and other California Democrats.

House Energy and Commerce Rolls Out First Infrastructure Package

Meanwhile, Democrats on the House Energy and Commerce (E&C)

Committee released a package aimed at addressing climate change, clean energy, grid modernization and more. The package, the "Leading Infrastructure for Tomorrow's (LIFT) America Act," would specifically provide more than \$33 billion for clean energy, including \$4 billion for the deployment of more renewables on the grid. With respect to water infrastructure, more than \$21 billion would be



President Trump speaks to reporters in the Rose Garden earlier this month after spurning infrastructure talks with Democrat leaders. Photo courtesy of Bloomberg.

devoted to ensuring safe drinking water, including \$2.5 billion to establish a new grant program for communities affected by a class of chemicals known as per- and polyfluoroalkyl substances, or PFAs. And, the Senate Environment and Public Works (EPW) Committee said that they would continue chugging along on their own surface transportation bill.

Water infrastructure has been widely talked about as being part of an infrastructure deal, but agreement over how to pay for such infrastructure has been a sticking point.

Reps. Newhouse, Costa Urge Inclusion of Water Infrastructure in House Package

Reps. Newhouse and Costa earlier this month led a bipartisan letter to the House T&I Committee to urge inclusion of much-needed water infrastructure provisions in any forthcoming infrastructure package. The letter was signed by 54 Members of Congress, and numerous national and Western water

Continued on Page 5

Disaster Package Blocked in House: Flood and Fire Assistance on Hold

The Senate earlier this month voted to pass a \$19.1 billion emergency aid package that would provide supplemental spending for a wide range of water, agriculture and environmental projects to help communities recover from recent natural disasters and prevent future ones. The Senate-passed bill then made the trek to the House, which had already left town for the Memorial Day recess, to be considered under unanimous consent (UC) on the House floor. Rep. Chip Roy (R-TEXAS) was the only objector to the UC vote, further delaying the aid package. Another Republican-Rep. Thomas Massie of Kentucky – halted the bill's passage for a second time during a voice vote, and demanded that the vote be held after the House returns from recess .

This makes it unlikely that President Donald Trump can sign the package before early June, when the House returns for a roll-call vote on the measure.

The White House has indicated support for the bill, which in the West would cover California wildfires and Midwest flooding.

The Army Corps of Engineers would receive billions more for flood-related work; EPA would receive \$414 million for wastewater and drinking water infrastructure and other disaster programs. Interior would receive \$312 million to reconstruct damaged facilities associated with the natural disasters. NOAA would receive nearly \$300 million, including \$150 million in economic aid to storm-ravaged fisheries and \$50 million for improving its hurricane, wildfire and flooding forecasting abilities, and the U.S. Department of Agriculture would receive billions, with about \$3 billion to aid farmers affected by 2018 and 2019 natural disasters. The Forest Service would receive more than \$700 million to cover the cost of wildfire suppression.

Infrastructure Momentum Stalls (Continued from Page 4)

and agricultural organizations, including the Family Farm Alliance.

“Water infrastructure in the Central San Joaquin Valley has simply not kept pace with California’s growing population and changing climate,” said Rep. Costa. “Our water systems were constructed in the 40s, 50s, and 60s. That’s why our levees and flood control systems were recently given a D rating by the American Society of Civil Engineers. We must develop and invest in water infrastructure so our farmers can continue to feed Americans, and so all our community members have access to clean, reliable drinking water.”

On May 1, Rep. Newhouse testified in front of the House T&I Committee to speak about the importance of including water infrastructure investment and modernization in an infrastructure package.

“I come before you to share my earnest belief that any such effort absolutely must include water infrastructure, including vital water storage and water conservation projects, in order to face our nation’s serious hydrological challenges,” he said.

In his testimony, Rep. Newhouse pointed to hydrological conditions in California which continues to experience the longest dry spell since the 13th Century and to the drought conditions in Washington’s 4th Congressional District, which threatens the way of life in the West. The federal government’s lack of investments to address these conditions in rural and urban areas has left communities to face severe water challenges essentially on their own.

Alliance Supports *SAVE Water Act*

Rep. Josh Harder (D-CALIFORNIA) earlier this month introduced the “*Securing Access for the Central Valley and Enhancing Water Resources Act of 2019*,” or S.A.V.E Water Act , which will provide funding to improve

water delivery and water supplies in California and the West.

“Water resource infrastructure investments should be made more attractive and affordable for non-federal interests,” said Alliance executive director Dan Keppen.

The Alliance supports provisions in the *SAVE Water Resources Act* that would:

- Provide additional funding for WaterSMART grants that can assist Western water managers in investing in modernizing their water infrastructure and resolve conflicts in the process;
- Create the “*Reclamation Infrastructure Finance and Innovation Act*” (RIFIA) which would provide low interest loans to cover up to 49 percent total water project costs;
- Authorize \$450 million in funding levels for the Bureau of Reclamation Title XVI grant program; and
- Reauthorize the Rural Water Supply Program established by the Rural Water Supply Act of 2006.

“This bill provides provide Western water users with the tools to help survive and recover from years of drought and to prepare for future water shortages,” said Mr. Keppen.

Rep. Harder has been working with the House Natural Resources Committee, with the expectation that this bill, along with a handful of other western water bills, will move through the Committee expeditiously. On the other side of the Capitol, Senator Feinstein (CALIFORNIA) is working with Senators Cory (R-COLORADO) and Senate Energy and Natural Resources Committee Chair Murkowski (R-AK) on a comprehensive western water bill that will address similar issues as the individual House measures.

Alliance supports “Resilient Federal Forests Act of 2019”

In many areas of the West, federal lands and forests make up much of the upper watershed areas where farmers’ water supplies come from. When wildfires burn these upper watersheds, water supplies farmers depend on to irrigate crops downstream are negatively impacted. The Family Farm Alliance earlier this month formally endorsed a bill intended to address the growing risk of wildfires - the “Resilient Federal Forests Act of 2019” (H.R. 2607), introduced by U.W. Rep. Bruce Westerman (R-Ark).

“A massive wildfire in the headwaters of a Western watershed can devastate the water supply so important to the many beneficial uses in that river basin, including the irrigation of farms and ranches that produce some of our Nation’s high-quality food and fiber,” said Alliance

President Patrick O’Toole (R-WYOMING). “The procedural changes proposed in this bill would better protect our valuable water supplies from the devastating effects of wildfire.”

Today’s wildfires are often larger and more catastrophic than in the past. Some of the blame can be attributed to climatic conditions, like reduced snowpack in alpine forests, prolonged droughts and longer fire seasons. Western population growth has also played a role, since there are now more homes within or adjacent to forests and grasslands. However, decades of fire suppression and an inability to manage forests through controlled burns, thinning, and pest/insect control probably play an even bigger role. For example, where California once had about 40 trees per acre, it now has about 100 trees per acre.

“We have quite literally loved our trees to death,” said Rep. Westerman. “Forests going up in flames and releasing tons of carbon into the atmosphere is not true conservation; proactive, sound forest management is. Years of mismanagement have led to insect infestation, overstocked stands and dead and decaying trees. It’s time to allow the Forest Service to use proven, scientific methods when managing our forests.”

Today, on average 7 to 8 million acres of forests and grasslands burn annually, double the figure from three decades ago.

“We didn’t think it could get much worse than 2017,

which was one of the worst wildfire seasons in history with 71,499 fires burning approximately 10 million acres,” said Alliance Executive Director Dan Keppen (OREGON).

The 2018 fire season was also a terrible one, with 58,083 wildfires burning approximately 8.8 million acres.

“The Camp Fire, in my district, was the costliest natural disaster in the world last year. It completely devastated the town of Paradise and surrounding areas, destroying over 18,000 structures and killing 85 people. It was one of the worst wildfires California has ever seen,” Rep. Doug LaMalfa (R-CALIFORNIA) said. “Earlier in the year, the Carr Fire took 8 lives and burned nearly 230,000 acres in Shasta County. These two fires alone should serve as a wakeup call to



The grim aftermath of the 2018 Camp Fire, Paradise (CALIFORNIA). Photo source: U.C. Davis Fire Department

those who have denied responsible forest management practices in California. Until we take meaningful steps to make our forests more resilient, much of the West will be at high-risk of future devastating fires.”

Western wildfire disasters have underscored the importance of improving on-the-ground management actions that can lead to improved forest health. The proposed legislation couples strategic forest management reforms with regulatory efficiencies that can empower federal land management agencies to restore health and resiliency to our nation’s forests.

The bill’s expedited environmental analysis and proposed categorical exclusions will make it easier to accelerate critical forest response actions, salvage operations in response to catastrophic events, roadside projects, and other actions that can reduce the risk of wildfire. It removes regulatory and bureaucratic gridlock associated with critical salvage and restoration actions needed to quickly respond to catastrophic wildfires. The bill encourages arbitration instead of litigation to address challenges to forest management activities. And, it improves upon existing practices used to address insect and disease infestation in federal forests.

“We believe these actions collectively will better protect public safety, water supply, and public infrastructure, allowing real, on-the-ground actions to address the primary causes behind the recent infernos,” said Mr. Keppen.

Congress Addresses Significance of Agriculture's Role To Provide Climate Change Solutions

The House and Senate each conducted committee hearings earlier this month that provided American producers with an opportunity to demonstrate how farmers and ranchers can play a constructive role in addressing climate change challenges. Agriculture is now emerging as a high-level source of solutions to climate change across the globe.

On the House side, a Select Committee on the Climate Crisis created when Democrats took majority control this year held a hearing on "creating a climate-resilient America."

One of the witnesses at that hearing was Matt Russell, the executive director of Iowa Interfaith Power and Light and a fifth-generation Iowa farmer.

"We must start believing in American farmers," said Mr. Russell. "We can solve global warming by unleashing the power of American farmers to solve problems."

Mr. Russell believes a major climate solution is to pay farmers for building soil health and sequestering carbon.

"Carbon farming can revolutionize agricultural and environmental policy, help us clean our water and air, save our soils, and stabilize our food system and rural economies," he said. Mr. Russell further recommended that Congress:

- Work with farmers to develop smart public policy for farmer and market led climate action;
- Help unleash the power of capitalism to reward entrepreneurs for developing small businesses that can help defeat the climate crisis;
- Incentivize farmers and rural communities to lead on climate action in a bipartisan way; and
- Recognize that carbon farming is an expedient and cost-effective way to reduce emissions.

He also noted that organizations like the North American Climate Smart Agriculture Alliance (NACSAA) -which includes the Family Farm Alliance - are also sharing frameworks with farmers for integrating climate resilience and cutting carbon pollution into how they do business.

Last century, farmers innovated to lead the Green Revolution and feed the world, Mr. Russell noted.

"We're at a similar, pivotal moment in human history. We are facing a catastrophic crisis; the greatest crisis humans have ever faced. American farmers can again lead the world through this crisis and into a future that is even more abundant than our past."

In the Senate, the Agriculture Committee held a hearing on the impact of climate change on the ag sector which provided an opportunity to learn about the needs of farmers, ranchers and forestland owners as they face increasingly

turbulent weather conditions. At the witness table were Tom Vilsack, former Secretary of Agriculture and current president and CEO of the U.S. Dairy Export Council; Debbie Lyons-Blythe of Blythe Family Farms in White City (KANSAS); Frank Mitloehner, a professor at the University of California in Davis, and Matt Rezac of Rezac Farms in Weston, (NEBRASKA).

Mr. Rezac, who farms about 2,500 acres in corn and soybeans with his family - told the committee that farmers recognize the importance of technology and innovation in ensuring their operations maximize efficient production.

"Because we're embracing technology and because we are willing to work together, farmers are ready to lead on climate solutions," he said.

But Rezac also emphasized a point long made by the NACSAA: producers today face challenges in the market-

place - income lost due to trade disputes, planting disruption attributable to unprecedented weather-related disasters, among others - so steep that they can only focus on sustaining their operations and staying in business.

The Family Farm Alliance in 2007 was one of the first national farm groups to tackle climate change challenges with "Water Supply in a Changing Climate: The Perspective of Family Farmers and Ranchers in the Irrigated West". This report - which has been the centerpiece for several Alliance appearances before Congressional committees - provides observations of climate change in the West and realistic solutions that can mitigate for expected associated impacts.

Still, many Western producers are frustrated by the climate debate and argue that agriculture is unduly blamed by certain environmental and animal rights groups as the cause for greenhouse gas emissions. Perhaps the most controversial of these allegations was the early rollout of Rep. Alexandria Ocasio-Cortez's Green New Deal resolution that included a fact sheet referencing the need to eliminate "farting cows". Supporters of farmers and ranchers in Congress also recognize the industry's wariness of the climate movement.

"I think a lot of them would like us to quit farming," House Agriculture Chairman Collin Peterson told *POLITICO* in January.

NACSAA believes that, to maximize agriculture's contribution to stemming climate change, policies must be adopted that incentivize farmers, ranchers and forestland owners to move to the management practices that serve to curb or avoid emissions that cause changes to our climate. These practices include alternating grazing lands, cropland rotation, cover crops, and forestland conservation efforts that mitigate wildfires, among others.

"It is critical that climate solutions make economic sense for farmers," Mr. Rezac testified, underscoring the need for policy help from Washington, D.C.



Farm Bill Conservation Title Implementation Underway

Need for irrigation modernization efforts highlighted

The Family Farm Alliance earlier this month transmitted a letter with recommendations for the Natural Resources Conservation Service (NRCS) to consider with respect to the rules they are writing to implement the Conservation Title of the 2018 Farm Bill. Many of the organization's suggestions and examples are drawn from recent positive irrigation modernization projects.

"We believe the 2018 farm bill was a good one, in that it maintains funding for the conservation title, and that makes farm bill programs work better for producers in the irrigated West," said Alliance Executive Director Dan Keppen. "Our overall goal for implementation of the farm bill is to increase opportunities for farmers and their related water management entities to invest in improvements in water management and more efficient irrigation technologies, leading to more reliable water supplies, increased resource conservation, and increased crop yields and environmental benefits."

The Alliance supports incentive-driven conservation programs, more local and state control of the funding for those programs, increased emphasis on deteriorating forested watersheds, and streamlined implementation.

"We believe the practical experience of our membership, coupled with the many agricultural water and natural resource policy issues our organization has been involved with over the past several years gives us a unique perspective to provide specific ideas on how conservation programs can be delivered more efficiently and encourage more participation from Western farmers and ranchers," said Mr. Keppen.

The Alliance has long supported robust and reliable funding for the Environmental Quality Incentives Program (EQIP), the Regional Conservation Partnership Program (RCPP), and the Watershed Protection and Flood Prevention program (P.L. 566).

Hearing on Farm Bill Implementation

The House Subcommittee on Conservation and Forestry held on Public Hearing earlier this month to review USDA Farm Bill conservation programs. The Western Agriculture and Conservation Coalition (WACC) – of which

the Alliance is a member – provided comments for Subcommittee Ranking Member Doug LaMalfa (R-CALIFORNIA) to consider for his opening statement at the hearing. The WACC conveyed to Mr. LaMalfa two broad positions on the new Farm Bill: 1) Implementation of the new provisions for western producers should be flexible and responsive to drought in the West; and 2) Investments in western, irrigation-delivery infrastructure under EQIP

new authority, RCPP, and PL-566 should prioritize multi-benefit projects that rewards multi-stakeholder collaboration and pro-active problem-solving around water scarcity.

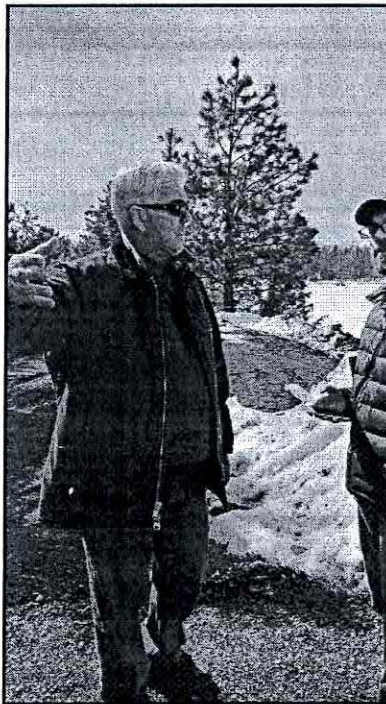
Positive Press

Mr. Keppen and Laura Ziemer (Senior Counsel and Water Policy Advisor for Trout Unlimited) co-authored a guest column that ran in *The Hill* titled, "Infrastructure funding should include irrigation modernization, a proven collaborative approach" which highlighted the activities of the WACC, including the collaborative work undertaken in Oregon's Deschutes River Basin. There, the Tumalo and Three Sisters Irrigation Districts' modernization investments in partnership with the NRCS are excellent examples of projects part of a "watershed-wide project" that provide water conservation benefits for fish habitat and drought resilience.

"New Farm Bill authority signed into law in December of 2018 will make more of these kinds of multi-benefit projects possible," Keppen and Ziemer wrote.

The latest edition of Oregon Department of Environmental Quality's *Clean Water State Revolving Fund* newsletter also highlights the benefits of irrigation modernization projects. These are multi-year, multi-million dollar projects that require intensive analysis, strategic planning and diverse funding partnerships. The newsletter highlights the efforts of Alliance members Three Sisters Irrigation District, Tumalo Irrigation District, and Farmers Conservation Alliance and points out support from the Oregon Water Resources Congress and the Family Farm Alliance.

"Focusing the issue on irrigation modernization gave us a chance to highlight this critical work and the leadership of your organization," said Jennifer Kenny, program analyst with the DEQ Clean Water State Revolving Fund.



Alliance director Marc Thalacker, manager of Three Sisters ID, talks with a reporter about recent irrigation modernization efforts undertaken in Central Oregon.

House Democrats Increase FY 2020 Energy-Water, Interior-EPA Top-Line Funding Numbers

House Democrats earlier this month set significant spending increases for the FY 2020 funding bills that cover energy, water and environmental programs. The House Appropriations Committee approved its top-line spending numbers for the 12 annual appropriations bills.

"All 12 spending bills would see some increases in fiscal year 2020, although a less than 1% boost for Homeland Security is sure to spark a fight with the administration, which has prioritized border spending," said Chris Kearney, with The Ferguson Group.

The Interior-EPA bill would rise by about 4.5% next year to \$37.2 billion, rejecting the Trump Administration's proposed cuts to EPA funding in their FY 2020 budget request. The Energy-Water (Department of Energy/Army Corps/ Bureau of Reclamation) allocation would increase by about 4% to \$46.4 billion. Some of the additional dollars are likely to go toward Department of Energy technology programs, including the Advanced Research Projects Agency-Energy slashed in the FY 2020 Trump budget. Still more added funding will probably go to the Army Corps for dealing with the massive flood damage currently affecting the Midwest.

Bureau of Reclamation

Bureau of Reclamation Commissioner Brenda Burman earlier this month testified on the President's FY2020 budget request before the House Natural Resources Committee, Subcommittee on Water, Oceans and Wildlife. Reclama-

tion's budget request is \$1.1 billion in discretionary appropriations, "...to be supplemented by over \$1 billion in other Federal and non-federal funds in FY 2020", Commissioner Burman testified.

The Interior-EPA bill provides a total of \$1.65 billion for Reclamation, an increase of \$82.8 million above the fiscal year 2019 level and \$528 million above the President's budget request. The bill provides \$15 million for the Central Utah Project, the same as the fiscal year 2019 level and an increase of \$5 million above the request. Within Reclamation, the bill provides \$400 million in additional funding for water resources projects, including those authorized in the Water Infrastructure Improvements for the Nation (WIIN) Act. Within "additional funding", \$121 million is provided for rural water projects above the budget request.

Next Steps

The Senate has yet to begin their appropriations process, awaiting top-line spending caps from leadership. Talks between congressional leaders and the White House continue on a deal to raise FY 2020 and 2021 spending caps.

"Raising the spending caps is needed in order to avert automatic sequestration cuts set to hit in October and raise the Nation's debt ceiling," said Mr. Kearney.

Treasury has now said that the debt ceiling will need to be raised before August.

"In general, the goal is to have all 12 bills off the House floor by the July 4th Recess," said Mr. Kearney. "We'll see."

White House to Move Quickly on NEPA Rules

The White House Council on Environmental Quality (CEQ) plans to send reworked implementing regulations for the National Environmental Policy Act (NEPA) to the White House Office of Information and Regulatory Affairs (OIRA) for review in June. According to the newly released spring Unified Agenda, CEQ expects a quick turnaround.

This gives OIRA only a matter of weeks to review the highly anticipated action, since CEQ plans to also release a proposal to the public in June.

This is the first time CEQ will have updated its baseline for agency compliance with the environmental law since the 1980s. Through the new rules, Administration has sought to speed up permitting for federally funded projects and to limit the length of environmental impact assessments. The agency received over 12,500 public comments on their proposed rulemaking, including recommendations developed by the Family Farm Alliance.

"The often slow and cumbersome federal regulatory

process is a major obstacle to realization of projects and actions that could enhance Western water supplies," said Alliance Executive Director Dan Keppen. "NEPA implementation, in particular, can have a direct bearing on the success or failure of critical water supply enhancement projects. Further, our members include many Western water managers, who often use NEPA mechanisms like Categorical Exclusions and Findings of No Significant Impact in conjunction with annual operations and maintenance activities on ditches or major rehabilitation and repair projects on existing dams."

The new Unified Agenda also lets some deadlines slip for several of President Trump's regulatory rollbacks, including delaying the rescission of the 2015 Clean Water Rule over "waters of the U.S." (WOTUS) until August (from March) and the final rewritten WOTUS rule until December 2019, slipping from the original deadline of September.

Colorado River Basin DCP Signed at Hoover Dam

The Interior Department and Bureau of Reclamation earlier this month held the signing ceremony for the Colorado River drought contingency plan at the Hoover Dam. President Trump signed the seven-state Colorado River drought agreement into law in April after lawmakers quickly passed a bill, H.R. 2030, that codified states' plans that would address the threats from a long-running drought.

"This is an historic accomplishment for the Colorado River Basin. Adopting consensus-based drought contingency plans represents the best path toward safeguarding the single most important water resource in the western United States," said Reclamation Commissioner Brenda Burman. "These agreements represent tremendous collaboration, coordination and compromise from each basin state, American Indian tribes, and even the nation of Mexico."

In addition to the voluntary reductions and other measures to which the basin states agreed, Mexico has also agreed to participate in additional measures to protect the Colorado River Basin. Under a 2017 agreement, Minute

323 to the 1944 U.S. – Mexico Water Treaty, Mexico agreed to implement a Binational Water Scarcity Contingency Plan but only after the United States adopted the DCP.

The Colorado River, with its system of reservoirs and water conveyance infrastructure, supplies water for more than 40 million people and nearly 5.5 million acres of farmland across the western United States and Mexico. The reservoirs along the river have performed well—ensuring reliable and consistent water deliveries through even the driest years. But, after 20 years of drought, those reservoirs are showing increasing strain; Lake Powell and Lake Mead, the two largest reservoirs on the system and in the United States, are only 39% and 41% full respectively. And, while the basin experienced above-average snowpack in 2019, the total system storage across the basin began the water year at just 47% full.

"The urgency for action in the basin is real, and I applaud all of the parties across the seven states and Mexico for coming together and reaching agreement to protect the Colorado River," said Commissioner Burman. "I'm glad to finally say that 'done' is done."

Source: USBR Press Release



Brenda Burman, commissioner of the U.S. Bureau of Reclamation, speaks before the signing the Colorado River Drought Contingency Plan, May 20, 2019, at Hoover Dam. Photo: Mark Henle/The Arizona Republic

Risch, Fulcher Introduce Legislation To Better Recharge Idaho Aquifer

Senator Jim Risch (R-IDAHO) and Rep. Russ Fulcher (R-IDAHO) earlier this month introduced the *Aquifer Recharge Flexibility Act*, legislation to improve aquifer levels in Idaho and across western states by expanding the ability for aquifer recharge through federal lands and facilities. The bill will fortify efforts to recharge Idaho's vast Eastern Snake Plain Aquifer and others to healthy levels for sustainable long-term use by the state's farmers, ranchers, and communities.

"The Eastern Snake Plain Aquifer sustains millions of irrigated acres in the Snake River Basin with the water needed for Idaho's agriculture industry to thrive," Senator Risch said. "This legislation will remove bureaucratic barriers to effective aquifer recharge and will help restore the Eastern Snake Plain Aquifer, one of the biggest in the world, back to healthy levels for decades to come."

The Family Farm Alliance and over 100 other water and agricultural organizations in March sent a letter to members of Congress, urging that any infrastructure legislative pack-

age be used to help address severe hydrological conditions in the West. New tools are needed to assist in achieving groundwater use sustainability in Idaho and other parts of the West, and the Aquifer Recharge Flexibility Act provides one of those tools.

"Water is the life blood, not only for our agricultural sector, but also for our entire state," Rep. Fulcher said. "Idaho is fortunate to have a state-wide plan and coordination for management of this critical resource. This legislation will complement our ongoing efforts for aquifer recharge and sustainability by facilitating federal land access and cooperation."

The bill's introduction was welcomed by Idaho water users.

Continued on Page 12

Reclamation Seeks Stakeholder Input on Transferred Works

The Bureau of Reclamation (Reclamation) has proposed a draft Directive and Standard (D&S) intended to improve collaboration between Reclamation and non-Federal entities responsible for operations and maintenance (O&M) of transferred works. Transferred works are defined as those Reclamation project facilities where the O&M of that facility is carried out by a non-Federal entity under the provisions of a formal O&M transfer contract. At times, uncoordinated changes between Reclamation and the non-Federal entity have resulted in adverse consequences. Reclamation's draft D&S intended to improve collaboration on these matters in the future.

"In recent weeks, many of our members responsible for operating and maintaining transferred works have expressed serious concerns with the proposed D&S, which is seen by some as being open-ended and subjective," said Family Farm Alliance Executive Director Dan Keppen. The Alliance and National Water Resources Association (NWRA) both requested that Reclamation suspend this effort until we can work with Reclamation to come up with a new approach."

Earlier this month, Alliance and NWRA representatives participated in a conference call with senior level Reclama-

tion appointees to discuss this matter. Reclamation at that time expressed a willingness to pause/suspend the public comment period and suspend this D&S process indefinitely.

On Thursday, June 6, 2019, from 10 a.m. to 12 p.m. (MOUNTAIN), Bureau of Reclamation will host a WebEx meeting for interested stakeholders on the proposed D&S. Reclamation leadership and Policy Office personnel will provide a briefing, answer questions, and invite feedback. Finalization of this D&S, in the meantime, has been paused. Join the call at <https://bor.webex.com/bor> and use meeting number (access code): 907 348 950.

The Alliance, NWRA and the Colorado River Energy Distributors Association have offered to assist Reclamation with the path forward.

"For the time being, we are asking our members who manage transferred works facilities to provide any feedback - such as field experience working with Reclamation - that they think would facilitate the June 6 conversation," said Mr. Keppen. "We will be seeking a solution that is informed by data and facts from existing contracts."

Water users also will be seeking additional information and examples from Reclamation to get a better understanding of the exact challenge Reclamation is trying to address.

Reclamation updates 2019 CVP South-of-Delta Water Allocations

The Bureau of Reclamation earlier this month issued updated Central Valley Project (CVP) South-of-Delta allocations for the 2019 contract year. This update reflects ongoing water supply improvements due to the latest series of storms.

With this month's update, South-of-Delta agricultural water service contractors' allocations are increased to 70% of their contract total. South-of-Delta allocations for municipal and industrial contractors' allocations are increased to 95% of their historic use.

"The storms experienced in the Central Valley... are unusual this late in the year, bringing the month's precipitation to over twice its average," said Reclamation Mid-Pacific Regional Director Ernest Conant. "The late storms provided an added boost to the already above average precipitation for 2019. Snowpack throughout the state is still about 150% of average for this time of year."

All other CVP contractors' allocations were previously increased to 100% of their contract totals in recent months.

While this increase was welcomed by many, given continued wet hydrologic conditions and current CVP reservoir storage, which is well above the long-term average, it was difficult for CVP ag water service contractors to comprehend why the allocation remains below 100 percent.

"The 2019 water year will go down as one of the wettest years on record," said Thomas Birmingham, Westlands Water District's General Manager. "Reclamation's inability to provide south-of-Delta CVP water service contractors with full contract supplies is further evidence of the draconian impact ineffective regulations have had on water sup-

plies for people. These regulations, theoretically intended to protect at-risk fish species, have strangled water supplies while continuously failing to provide effective protection for the species - all of which have continued to decline."

It is for this reason Reclamation has reinitiated consultation on the long-term operation of the CVP and the State Water Project. This consultation enables the development of new biological opinions based on science developed over the last decade.

"It is the District's greatest hope these new biological opinions will abandon restrictions on CVP operations that are unsupported by science and lead to absurd water supply reductions," said Mr. Birmingham. "The new biological opinions must protect at-risk fish species from the risk of extinction without unreasonably tying the hands of project operators. The best science currently available has demonstrated that both of these objectives can be accomplished simultaneously."

Water reductions to CVP ag water service contractors are not simply the result of climate change or Mother Nature, says Family Farm Alliance Director Dan Keppen.

"Federal management of Bay-Delta water and the policies behind that management also play an important role," said Mr. Keppen.

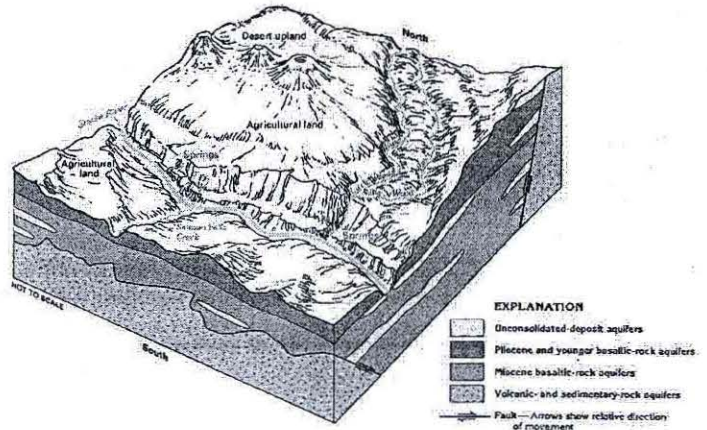
Dr. Tricia Dutcher and Mr. Keppen co-authored "The 2014 Drought and Water Management Policy Impacts on California's Central Valley Food Production" which was published in 2015 in the *Journal of Environmental Studies and Sciences*.

Aquifer Recharge Flexibility Act Introduced (Cont'd from Pg 10)

“Aquifer recharge is a valuable tool used throughout the west to address declining ground and surface water supplies,” said Paul Arrington, the executive director of the Idaho Water Users Association. “In Idaho, the stakeholders are committed to using aquifer recharge in their efforts to restore depleted aquifers and connected rivers and streams. Unfortunately, many optimal aquifer recharge locations in Idaho require the use of federal property - requiring congressional authorizations and federal easements.”

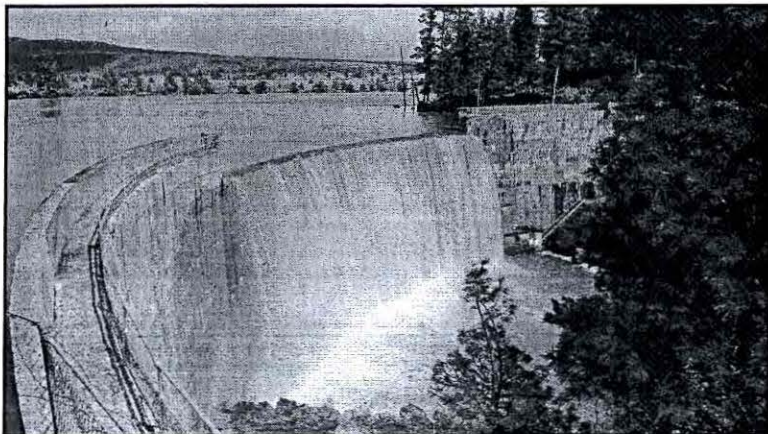
Mr. Arrington believes this legislation will help to reduce the cost and expense of continuing recharge in Idaho.

“We appreciate Senator Risch and Representative Fulcher’s support of the Idaho water user community,” said Mr. Arrington, who also serves on the Family Farm Alliance Advisory Committee.



Geologic cross-section of Eastern Snake River Plain. Source: Idaho State University

Editor’s note – the source for elements of this article derive from a joint press release issued by Sen. Risch and Rep. Fulcher.



Left—Gerber Dam on Oregon’s Lost River spills in early April, releasing above-normal flows driven by a long, wet and cold winter.

DONOR SUPPORT

Make your tax-deductible gift to the Alliance today! Grassroots membership is vital to our organization. Thank you in advance for your loyal support. If you would like further info, please contact Dan Keppen at dan@familyfarmalliance.org, or visit our website: www.familyfarmalliance.org.



Contributions can also be mailed directly to:
Family Farm Alliance
22895 S. Dickenson Avenue
Riverdale, CA 93656.

CORRESPONDENCE LIST**JUNE 2019**

1. Letter from District dated May 17, 2019 to Mr. D. Bertrand re: Can & Will Serve - 3524 Madera Street, APN143-212-021 - Partial Building Conversion of Commercial Space to residential space
2. Letter from District dated May 20, 2019 to R. Foster re: Water Service Requirements - New detached additional dwelling unit - 3030 Samantha Dr. - APN- 141-360-038
3. Letter from District dated May 20, 2019 to M. Tait re: Existing Water Service for APN 141-211-046
4. Letter from District dated May 21, 2019 to Mr. N. Mirzai re: Existing Water Service for Commercial Kennel APN 141-121-042 1551 Meadowvale Road
5. Letter from District dated May 23, 2019 to Ms. A. Plucy re: Payment arrangement plan for water service account
6. Public Records Act Request received May 24, 2019 from Ms. F. Komoroske
7. Letter from District dated May 29, 2019 to Mr. K. Anderson re: Water Service Requirements for 2235 Jonata Street, single family residence equipped with residential fire sprinkler system
8. Letter received May 31, 2019 from Central Coast Water Authority re: July 1, 2019 DWR and CCWA Variable O&M Invoice for ID No.1 and City of Solvang
9. Transmittal received May 31, 2019 from Best Best & Krieger re: Book titled "California Water"
10. Letter from District dated June 3, 2019 to City of Solvang re: July 1, 2019 DWR and CCWA Variable O&M Invoice
11. Letter from District dated June 3, 2019 to Ms. F. Komoroske re: response to Public Records Act Request
12. Letter from District dated June 3, 2019 to Ms. J. Frisch re: Customer request - Termination of water service - 2085 N. Refugio Road
13. Memo received June 3, 2019 from Central Coast Water Authority re: FY 2019/2020 Rate Coverage Fund Deposits
14. Letter from District dated June 4, 2019 to Mr. & Mrs. K. Lanier re: Water Service Compliance for 2390 Alamo Pintado Rd
15. Letter from District dated June 4, 2019 to Mr. C. Perry re: Warning Letter - Tampering with District property at 1475 Dove Meadow Road
16. Letter from District dated June 4, 2019 to Mr. L. Lash re: Service and Billing card requirement for - 2938 San Marcos Avenue
17. Letter from District dated June 4, 2019 to Mr. C. VanDerwarker re: Monthly impact fee removal request - 919 Echo Lane

18. Letter from District dated June 4, 2019 to Mr. M. Carrozzo re: Warning letter access to District facilities – 2096 Still Meadow Road
19. Letter from District dated June 4, 2019 to Santa Ynez Valley High School re: Fire Flow Testing deposit
20. Letter from District dated June 4, 2019 to SB County Elections re: Form 700 Filing for 2018/2019 for Lori Parker
21. Letter from District dated June 4, 2019 to Dunn School re: Fire Flow Testing Deposit
22. Copy of letter dated May 28, 2019 to State Water Resources Control Board from US Bureau of Reclamation received June 5, 2019 re: Comments of the Bureau of Reclamation on Draft Order Dated March 27, 2019 Amending Permits 11308 and 11310 held by USBR for the Cachuma Project
23. Copy of letter dated May 28, 2019 to State Water Resources Control Board from Best Best & Krieger received May 31, 2019 re: ID No. 1 - Comment Letter – Cachuma Project Revised Draft Order
24. Letter from the District dated June 6, 2019 to 9 District Customers re: Final Notice Backflow testing notice
25. Letter from District dated June 6, 2019 to US EPA Office of Groundwater and Drinking Water re: Vulnerability Assessment request
26. Letter from District dated June 11, 2019 to Best Best & Krieger re: Request for Conflict waiver