

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

A Regular Meeting of the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1, was held at 5:30 p.m. on Tuesday, February 19, 2013.

Trustees Present:	Harlan Burchardi	Dennis Beebe
	Karen Carroll	Harry Poor
	Larry Musgrove	
Trustees Absent:	None	
Others Present:	Chris Dahlstrom	Gary Kvistad
	Mary Martone	Karen King
	Ann Bui	Eric Tambini
	Matt Vanderlinden	Jim Richardson
	Joe Barget	Melinda Fournier

- I. CALL TO ORDER AND ROLL CALL
President Carroll called the meeting to order at 5:30 p.m., she stated that this is a Regular meeting of the Board of Trustees, all members were present.
- II. PLEDGE OF ALLEGIANCE
Trustee Carroll led the Pledge of Allegiance.
- III. REPORT BY THE GENERAL MANAGER/SECRETARY REGARDING COMPLIANCE WITH THE REQUIREMENTS FOR POSTING OF THE AGENDA
Mr. Dahlstrom presented the affidavit of posting of the agenda, along with a true copy of the agenda for this meeting. He reported that the agenda was posted in accordance with the California Government Code commencing at Section 54950 and also pursuant to Resolution No. 340 of the District. President Carroll directed that the affidavit be filed as evidence of the posting of the agenda items contained therein.
- IV. CONSIDERATION OF THE MINUTES OF THE REGULAR MEETING OF JANUARY 15, 2013
The minutes of the Regular meeting of January 15, 2013 were presented for Board consideration. President Carroll asked if there were any changes and/or additions. Minor changes were requested.

It was MOVED by Trustee Beebe, seconded by Trustee Poor and carried by a unanimous voice vote to approve the regular minutes as corrected.
- V. ADDITIONS OR CORRECTIONS, IF ANY, TO THE AGENDA
There were no additions or corrections to the agenda.
- VI. PUBLIC COMMENT:
President Carroll mentioned there were members of the public present. Mr. Matt Vanderlinden addressed the Board to provide comments relating to the City of Solvang master meters and water supply to the City of Solvang. There was no other public comment.
- VII. CONSENT AGENDA:
Trustee Beebe MOVED to approve the Consent Agenda as presented, the motion was seconded by Trustee Poor and carried by a 5-0 unanimous voice vote.
- VIII. MANAGER'S REPORT - STATUS, DISCUSSION AND POSSIBLE BOARD ACTION ON THE FOLLOWING SUBJECTS:
- A. DISTRICT ADMINISTRATION
1. Financial Report on Administrative Matters - (Est. 10 Minutes)
 - a) Presentation of Monthly Financial Statements

The Board was provided handout materials which included the financial statement for the month of January. Mr. Dahlstrom reviewed the statement of Revenue and Expenses and the Balance Sheet. He reported that the LAIF account balance was \$5,177,100.94 earning interest at .30% and that the PIMMA account balance was \$5,874,800.16 earning interest at .33%

b) Series 2004A – Revenue Refunding Bonds (Member Agency Projects)

The Board packet included the cover page and page 8 of the Cachuma Operation and Maintenance Board (COMB) Revenue Refunding Bond document for reference and discussion purposes.

Mr. Dahlstrom explained that when recently reviewing the Bond document, he found language that discussed the initial reserve fund requirement that was paid by the participating members in the amount of \$433,318.16 at the time the Bond was issued in 2004. He reported that he has requested information from COMB and their auditors, Bartlett Pringle Wolf, LLP, as to the status of this reserve and whether or not the initial reserve fund is being held by COMB or if it was applied to the Bond principle. He stated that more information will be provided to the Board as it becomes available.

Mr. Dahlstrom stated that Board packet also included the cover page and page 11 of the Santa Ynez River Water Conservation District, Improvement District No. 1 June 30, 2012 and 2011 Financial Statement prepared by Bartlett, Pringle & Wolfe, LLP and the Continuing Disclosure Calculations for the 2011/12 year-end bond requirements for both the Central Coast Water Authority and COMB Bonds. Mr. Dahlstrom explained that the District meets the rate coverage for both bonds with 1.47% for the Central Coast Water Authority Bond for the State Water Project and 2.53% for the COMB Bond based on excluding the non-operating expense from the calculation. He indicated that a footnote was added to both calculations explaining the exclusion. This report was provided as information only.

2. Water Rate Study Update - (Est. 90 Minutes)

a) Review Workshop and Follow-Up Information

Ms. Ann Bui, Black & Veatch consultant, was present to discuss the revised water rate study and those comments as provided by the Board at the February 6 workshop. Ms. Bui reviewed the Water Rate & Water Capacity Fee Study dated February 13, 2013. She explained that the Board's direction at the February 6th Water Rate Workshop of adding Scenario 5 consisting of 17%, 6%, 6%, 6%, 6% in revenue adjustments and other comments are reflected in the February 13, 2013 version of the Water Rate & Water Capacity Fee Study provided in the Board packet.

b) Review & Accept Final Water Rate Study and Set Proposed Rate Adjustment

The Board packet included a February 13, 2013 version of the Water Rate & Water Capacity Fee Study for discussion and reference purposes.

Ms. Bui discussed in detail the revenue requirements, cost of service allocations, debt service financial obligations, non-operating and capital cost components and the resulting proposed water rate adjustments included in the Study. The Board provided comments focused on the 17% first year revenues and 6% in the four following years, capital expenditures, debt service repayment, and net cash-on-hand of only \$65,000. Other non-operating expenses were discussed as well as Bond covenant coverage.

During the discussion it was noted that on Page 5, Table 2-5 titled O&M and G&A Expenses needed to be corrected to reflect consistent numbers throughout the corresponding tables in the Study. Ms. Bui confirmed that the Table 2-5 O&M and G&A Expenses required a minor correction. The general consensus of the Board was

to select and approve Scenario 5 - Option 3 in order to increase revenues by maximum of 17%, 5%, 5%, 5%, and 5% for each corresponding year over the next five years. Mr. Dahlstrom explained that once the Board formally approves such a scenario and option, District staff will proceed with Proposition 218 noticing requirements.

Mr. Joe Barget, Mission Hills Community Services District General Manager, provided comment related to his agency and its water rates.

It was **MOVED** by Trustee Poor, seconded by Trustee Burchardi and carried by a unanimous 5-0 voice vote to accept the February 13, 2013 Water Rate & Water Capacity Fee Study with a correction to Table 2-5, and select and approve Scenario 5 - Option 3 at a maximum revenue increase of 17% in FY 2013/14 and 5%, 5%, 5%, 5% from FY 2014 through FY2017/18.

- c) Set the Hearing for Rate Setting on April 16, 2013 in Accordance with Proposition 218
Mr. Dahlstrom explained that based on the Board's acceptance of the February 13, 2013 Study, a public hearing must be scheduled in April in accordance with the 45-day Proposition 218 notice requirements. The Board discussed having the hearing at the Regular Board meeting date of April 16, 2013.

It was **MOVED** by Trustee Beebe, seconded by Trustee Musgrove and carried by a unanimous voice vote to set the public hearing for April 16, 2013 at 6:00 p.m.

- d) Authorize the Proposition 218 required Notice to customers within the District Service Area

The Board packet included a draft "Notice of Public Hearing Regarding Proposed Water Rate Increases" for reference and approval. Mr. Dahlstrom explained that the Notice must be sent to all District customers and parcel owners within the District boundaries 45-days prior to the public hearing date as required by Prop 218. Mr. Dahlstrom briefly reviewed the Notice. He reminded the Board that the individual residents of the City of Solvang will not receive the Notice since they are not customers of the District. He stated that one notice will be sent to the City of Solvang who is listed as a customer of the District for the two master meters.

The Board provided comments and suggested minor corrections to the Notice.

After a brief discussion, it was **MOVED** by Trustee Poor, seconded by Trustee Musgrove and carried by a unanimous 5-0 voice vote to approve the "Notice of Public Hearing Regarding Proposed Water Rate Increases" as amended and authorize the General Manager to send the Notice to all customers and parcel owners within District boundaries and excluding Solvang residents.

3. Amendment to Rules & Regulations and Capital Facilities Charges - (Est. 5 Minutes)

- a) Draft Resolution No. 706 - *A Resolution of the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement No. 1 Approving a Technical Correction to Appendix "C" and Appendix "D" the Automatic Annual Adjustment to the Capital Facilities Charges and Meter Installation Fees into Sections 603 and 709 of the Rules and Regulations*
The Board packet included draft Resolution No. 706 and appendices for reference and discussion purposes.

Mr. Dahlstrom explained that Resolution 706 is a technical correction to Resolution No. 704 which was approved by the Board on December 18, 2012. He stated that the State of California Sales Tax rate for Santa Barbara County was increased to 8% as of January 1, 2013. He reported that Appendix "C" and Appendix "D" were calculated based on 7.75% sales tax rate and an amendment was needed to correct the new sales

tax rate on the taxable materials shown in the Appendices. Trustee Beebe noted that there was a minor correction on Appendix "C".

Following a brief discussion, it was MOVED by Trustee Burchardi, seconded by Trustee Musgrove to adopt Resolution No. 706 Approving a Technical Correction to Appendix "C" and Appendix "D" the Automatic Annual Adjustment to the Capital Facilities Charges and Meter Installation Fees into Sections 603 and 709 of the Rules and Regulations, as corrected.

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

AYES, Trustees: Harlan Burchardi
Harry Poor
Dennis Beebe
Karen Carroll
Lawrence Musgrove

NOES, Trustees: None

ABSENT, Trustees: None

B. DISTRICT OPERATIONS & MAINTENANCE

The Board packet included a copy of the cover page of the Federal Register Volume 78, No. 30 - National Primary Drinking Water Regulations: Revisions to the Total Coliform Rule; Final Rule dated February 13, 2013 and pages 10270 and 10271 for reference and information purposes. Mr. Dahlstrom stated that the District has been notified that further water sampling requirements may be forth coming.

1. Numancia/Cota Street Lateral Replacement Project - (Est. 5 Minutes)

a) Consider Approval of Notice of Completion

The Board packet included a copy of the Notice of Completion for the Numancia/Cota Street Lateral Replacement Project for reference and discussion.

Mr. Dahlstrom reported that the Numancia/Cota Street lateral replacement project is complete as of February 19, 2013 and requested Board approval of the Notice of Completion (NOC) and authorization to sign to file the NOC with the Santa Barbara County Clerk's Office.

After a brief discussion, it was MOVED by Trustee Musgrove, seconded by Trustee Poor and carried by a unanimous 5-0 voice vote to accept the Notice of Completion and authorize the General Manager to sign and file the Notice of Completion for the Numancia/Cota Street Lateral replacement project with the Santa Barbara County Clerk's Office.

2. Meadowlark - Storage Facility/Building - (Est. 10 Minutes)

a) Design and Plan Review - William Torrey Architecture

The Board packet included a February 4, 2013 letter from the Meadowlark Ranch Association and construction drawings of the proposed Meadowlark Storage Facility/Building provided by Mr. William Torrey, Architect for reference and discussion.

Mr. Dahlstrom stated that the District received a letter from the Meadowlark Ranch Association dated February 4, 2013 supporting the building drawings. The letter encouraged the Board of Trustees to construct the building as per the drawings so that it could maintain the architectural integrity of the area.

The Board discussed the letter, proposed plans and specifications. Trustee Poor provided comments regarding the gable rooftop and the clear story windows citing potential issues and increased costs per the plans. After hearing the Board concerns,

Mr. Dahlstrom suggested to lower the plate-line by 2 ft. as a more efficient and cost-effective alternative, re-design to a single gable and add a shed roof on the north side of the building to break the wall height. Based on the Board's agreement to the suggestion, Mr. Dahlstrom will contact the architect and request modifications to the plans.

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

A. Cachuma Project

1. Implementation of 2000 NMFS Biological Opinion issued to USBR for Continuing Operations of Cachuma Project

Mr. Dahlstrom reported that the 2010 Annual Monitoring and Trend Analysis Report for the Biological Opinion report was submitted on January 28, 2013. He stated that the 2011 Report is currently being prepared. He provided a brief verbal report on other current activities relating to the Cachuma Project.

Mr. Dahlstrom referred to the Board packets that included a copy of an email from the City of Santa Barbara with the Santa Barbara Channel keeper E-Newsletter and an email from CCRB Kate Rees. He stated that this item is being brought to the Board's attention due a potential conflict of interest of a COMB fisheries employee, Mr. Tim Robinson, who is currently the President of the Santa Barbara Channel Keepers. Mr. Dahlstrom explained the Channel Keepers was created as part of the EDC and is Santa Barbara non-profit organization that is working with NMFS in the Ventura River watershed. He also noted that the City of Santa Barbara was sued by the Channel keepers under the Clean Water Act.

The Board discussed the potential conflict and provided comments. Mr. Dahlstrom reported that Mr. Greg Wilkinson, the District's Special Legal Counsel, was aware of this situation as well and has expressed his concern regarding the potential conflict of interest. Following discussion, the Board directed Trustee Beebe, the District's COMB representative, to request that the Tim Robinson potential conflict be added to the February COMB agenda for discussion and legal opinion by COMB legal counsel.

- a) Fisheries Implementation and Financial Assessment by COMB - (Est. 5 Minutes)
There was no discussion on the Financial Assessment for the Fisheries Implementation.

2. Cachuma Lake Oak Tree Restoration Program for Compliance with SWRCB 2011 FEIR - (Est. 15 Minutes)

- a) Quarterly Monitoring Report

The Board packet included the February 6, 2013 Field Status report for the Cachuma Lake Oak Tree Restoration program prepared and submitted by Ms. Melinda Fournier for reference and discussion.

Ms. Melinda Fournier was present and provided comments regarding the current program activities. Ms. Fournier informed the Board that COMB staff is actively and aggressively pruning and trimming the Oak trees in the program. Trustee Beebe provided comments regarding the COMB consultant currently working on the Oak Tree program. The Board discussed the current activities that are occurring and the general consensus of the Board was to request that the COMB cease pruning the Oak trees. Trustee Beebe stated that he was in the process of finding a third party independent arborist to discuss the COMB action.

The Board thanked Ms. Fournier for her continued efforts on this program.

3. National Marine Fisheries Service Section 7 Re-Consultation with US Bureau of Reclamation for Operation of the Cachuma Project - (Est. 10 Minutes)
 - a) SYRWCD, ID No.1 and CCRB Agreement for Coordination of Legal Counsel and Legal Expenses for matters relating to the Cachuma Project Biological Opinion

Mr. Dahlstrom provided a verbal report on the accelerated schedule for the Biological Assessment. He stated that the District is waiting for outstanding reimbursement from CCRB for legal, consultant and staff costs that have been paid by the District. Ms. Rees has delayed the reimbursement, stating that the costs incurred, are prior to the cost sharing agreement that was approved by the CCRB board. Mr. Dahlstrom stated that he would continue efforts to encourage CCRB to reimburse the District. He also stated that Ms. Rees is requesting information (scope of work) from ID No.1 consultants for the FY 2013/2014 Budget. He explained that the budget for next year may exceed our original estimate.

4. US Bureau of Reclamation – Water Supply and Contract Activities (Est. 5 Minutes)

The Board packet included a copy of a February 5, 2013 letter from COMB to the California Department of Public Health regarding the South Coast Conduit Inspection for reference and information.

Mr. Dahlstrom provided a brief summary of the current activities relating to the Bureau of Reclamation and reported that when the lake level reaches 100,000 AF, the Member Units will take a 20 percent reduction in deliveries. This will likely occur in summer.

B. Cachuma Operation and Maintenance Board (COMB)

1. Report on Board Meeting - (Est. 5 Minutes)

The Board packet included the January 28, 2013 COMB agenda for reference and discussion purposes.

Trustee Beebe provided a verbal report on the items discussed at the January meeting. He also reported the COMB has initiated the recruiting process for a new General Manager and the he was on the Hiring Committee for the position.

Mr. Dahlstrom reported that he has made several requests to COMB, with the most recent being on February 8th, regarding the status of the constructive return of overpaid funds made by the Member Units to COMB for FY 2011/12. He explained that no return has been received to date. Trustee Beebe asked the Board if they would like to have this item placed on the next COMB agenda. The Board concurred and asked that Trustee Beebe proceed with placing the item on the February COMB agenda.

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

The Board packet included the January 2013 Family Farm Alliance Monthly Briefing for informational purposes.

The Board packet included an ACWA/Joint Powers Insurance Authority Notice discussing Cal/OSHA Confined Space Emphasis Program newsletter for reference and information. Mr. Dahlstrom explained that the local fire departments will no longer assist with confined space rescues. The District is now required to prepare a plan, conduct training, implement effective rescue procedures, and purchase rescue equipment.

The Board packet also included a January 25, 2013 letter from ACWA/JPIA and a President's Special Recognition Award for achieving a low ratio of Paid Claims and Case Reserves to deposit

premiums in the Workers Compensation Program for the period of 7/1/08-6/30/11 for informational purposes only.

X. APPROVAL OF ACCOUNTS PAYABLE

The warrant list was provided in the handout material for Board action. The warrant list covers warrants 16623 through 16716, for the time period of January 16, 2013 through February 19, 2013 in the amount of \$354,255.72

Trustee Beebe MOVED to approve the warrant list as presented. Trustee Musgrove seconded the motion and was carried by a unanimous 5-0 voice vote.

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

There were no requests from the Board.

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

The correspondence list was reviewed and discussed by the Board.

XIII. NEXT REGULAR MEETING OF THE BOARD OF TRUSTEES:

Mr. Dahlstrom stated that the next Regular meeting of the Board of Trustees is scheduled for March 19, 2013 at 5:30 p.m.

XIV. CLOSED SESSION:

Mr. Kvistad stated that there was no need for a closed session on Agenda items XV. A. B. or C. at this time. No closed session was held.

A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

[Subdivision (a) of Section 54956.9 of the Government Code]

1. Name of Case: Adjudicatory proceedings pending before the State Water Resources Control Board regarding Permits 11308 and 11310 issued on Applications 11331 and 11332 to the United States Bureau of Reclamation and complaints filed by the California Sport fishing Protection Alliance regarding the operating of the Cachuma Project and State Board Orders WR73-37, 89-18 and 94-5; and proposed changes to the place of use of waters obtained through aforementioned permits for the Cachuma Project

B. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

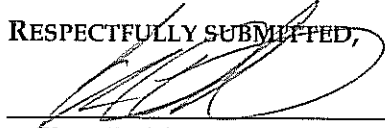
Initiation of litigation pursuant to, [Subdivision (c) of Section 54956.9 of the Government Code - 2 cases]

C. CONFERENCE WITH LEGAL COUNSEL: Cachuma Operation and Maintenance Board (COMB) Public Employee Performance Evaluation; Title - General Manager [Section 54957 of the Government Code]

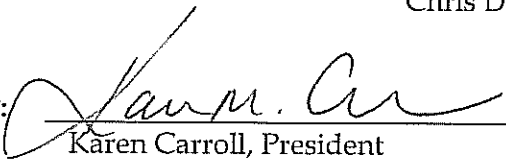
XV. ADJOURNMENT

Being no further business, it was MOVED by Trustee Carroll, seconded by Trustee Poor and carried by a 5-0 unanimous voice vote, to adjourn the meeting at 9:21 p.m.

RESPECTFULLY SUBMITTED,


Chris Dahlstrom, General Manager/Secretary

ATTEST:


Karen Carroll, President