

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, August 20, 2013.

Trustees Present:	Harlan Burchardi	Dennis Beebe
	Karen Carroll	Harry Poor
	Kevin Walsh	
Trustees Absent:	None	
Others Present:	Chris Dahlstrom	Gary Kvistad
	Mary Martone	Karen King
	Bob Field	Carey Kendall
	Tracie Derwin	

I. CALL TO ORDER AND ROLL CALL

President Carroll called the meeting to order at 5:32 p.m., she stated that this was a Regular meeting of the Board of Trustees, all members were present.

II. PLEDGE OF ALLEGIANCE

President 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 JULY 16, 2013

The minutes of the regular meeting of July 16, 2013 were presented for Board consideration. It was **MOVED** by Trustee Beebe, seconded by Trustee Poor and carried by a 5-0 voice vote to approve the July 16, 2013 regular minutes as presented.

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

There were no additions or corrections to the agenda.

VI. PUBLIC COMMENT:

President Carroll reported there were members of the public present.

Carey Kendall, Bob Field and Tracie Derwin all provided 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

a) Presentation of Monthly Financial Statements

The Board was provided handout materials which included the financial statement for the month of July. Mr. Dahlstrom reviewed the statement of revenues and expenses and the balance sheet. He reported that the LAIF account balance was \$5,183,851.78 earning interest at .267% and the PIMMA account balance was \$4,490,038.95 earning interest at .25%.

The Board requested that legal counsel provide an opinion on changing/reducing water rates during the fiscal year.

The Board requested that staff follow up with Ms. Bui, regarding the request for a brief explanation of the adopted 10% "net revenue increase" vs. actual "water rate" increases.

b) Reserve Account and Policy Update

The Board packet included an August 14, 2013 staff report from the General Manager regarding background and current activities related to the District reserves.

Mr. Dahlstrom presented the staff report and discussed current activities associated with the District's reserve balances. He reported that as requested by the Board, a new PIMMA account was established at Rabobank for District reserves. He indicated that the August financial statement will include the new Reserve Account, which will more accurately reflect the District's reserve balances held in both the Rabobank Reserve Account and LAIF. He also explained that Bartlett, Pringle & Wolf, LLP will prepare a fund balance and reserves analysis following the FY 2012-13 audit. He indicated that this will provide the Board with the year-end balances, as well as current funds available as restricted and unrestricted reserves. He also reported that BPW is working with staff to create a progressive report that will include updated financial data and examples of reporting document that may be modified for ease of reading on the monthly balance sheet presented to the Board.

The Board briefly discussed the reserve categories and establishing a Board Policy to set amounts for each reserve category.

Mr. Dahlstrom stated that this is an ongoing process and more information will be provided to the Board as progress occurs.

Bob Field provided comment and submitted a public records act request.

c) FY 2012/2013 Audit Preparation with Bartlett, Pringle & Wolf

Mr. Dahlstrom stated that Ms. Martone and staff are working with BPW to provide information for the annual audit. He reported that Bartlett Pringle & Wolf personnel will be at the District office next week performing field work for the FY 2012/2013 Audit. Mr. Dahlstrom stated that draft audit is expected to be presented in October or November.

2. Standard & Poor's Rating Services - Credit Rating Report

The Board packet included an August 8, 2013 Standard & Poor's Ratings Direct Summary report for Cachuma Operation and Maintenance Board Member Agency Bond.

Mr. Dahlstrom reviewed the Standard and Poor's rating report. He explained that the District's long-term rating was downgraded from AA- to A+. He explained that the report states that "the district's financial performance declined to levels that we consider marginally insufficient in fiscal year 2012". Standard & Poor's reported that during the two-year outlook period they anticipate that the district will continue raising rates based upon the approved rate schedule and a negative rating action could occur if the total debt service coverage falls short of the forecasted upward trend, or if the district's liquidity position is spent down significantly more than expected. The discussion concluded with noting that any significant financial changes must be reported to Standard and Poor's.

B. DISTRICT OPERATIONS & MAINTENANCE

Mr. Dahlstrom reported that he participated in an online webinar regarding the California Department of Public Health (CDPH) proposed maximum contaminant level (MCL) for hexavalent chromium (chromium-6). He explained that the CDPH will be releasing a public announcement by the end of the month regarding a proposed draft maximum contaminant level (MCL) for chromium-6. He stated that the new MCL regulation will have a significant impact on the District and other agencies throughout California. He stated that more information will be provided to the Board as it becomes available.

1. Meadowlark Booster Pump Station Concrete Slab Replacement

a) Notice of Completion

The Board packet included the Notice of Completion for the Meadowlark Booster pump station concrete slab replacement project.

Mr. Dahlstrom reported that the Meadowlark booster pump station repairs and improvements are complete and a notice of completion must be executed and submitted to the County of Santa Barbara for recording to allow for the 35-day claims period.

It was MOVED by Trustee Burchardi, seconded by Trustee Beebe and carried by a unanimous voice vote to approve and authorize the General Manager to sign and file the Notice of Completion for the Meadowlark booster pump station concrete slab replacement project.

2. Zone 3 Interconnection Water Main Project

a) Change Order No.1 Ratification

b) Notice of Completion

Agenda items VIII.B.2. a) & b) were discussed together.

The Board packet included Change Order No.1 in the amount of \$3,585.00 and the Notice of Completion for the Zone 3 interconnection project. Mr. Dahlstrom explained the change order, reported that the job is complete and recommended that the Board ratify the change order and authorize the General Manager to sign and file the Notice of Completion.

After a brief discussion, it was MOVED by Trustee Burchardi, seconded by Trustee Beebe and carried by a unanimous voice vote to ratify the General Manager's approval of Change Order No.1 in the amount of \$3,585.00 to Ventura Directional Drilling, Inc. and to approve and authorize the General Manager to sign and file the Notice of Completion for the Zone 3 Interconnection water main project.

3. Pine Street Water Main Replacement Project
 - a) Change Order No.1 Ratification
 - b) Notice of CompletionAgenda items VIII.B.3. a) & b) were discussed together.

The Board packet included Change Order No.1 in the amount of \$1,600.88 and the Notice of Completion for the Pine Street water main replacement project. Mr. Dahlstrom explained the change order, reported that the job is complete and recommended that the Board ratify the change order and authorize the General Manager to sign and file the Notice of Completion.

It was MOVED by Trustee Poor, seconded by Trustee Beebe and carried by a unanimous voice vote to ratify the General Manager's approval of Change Order No.1 in the amount of \$1,600.88 to R. Baker, Inc. and to approve and authorize the General Manager to sign and file the notice of completion for the Pine Street water main replacement project.

4. Well 25 – Pump and Motor Purchase and Installation
 - a) Status of ProjectMr. Dahlstrom stated that the pump and motor and necessary supplies are onsite for the Well 25 project. He stated that Fisher Pump will be onsite and commence work on August 21, 2013. Mr. Dahlstrom explained that the well should be in working condition within the next week barring any unexpected complications.

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

A. Cachuma Project

1. Report on Regulatory Requirement Submittals to USBR – Ag and M&I Conservation Plans, Agricultural and Urban BMP documentation, RRA, and Crop report
Mr. Dahlstrom provided brief report on the current US Bureau of Reclamation reporting requirements of the District.

2. Downstream Water Rights Release Status

The Board packet included a Santa Barbara County Public Works Department, July 11, 2013 Press Release, August 2013 correspondence from Stetson Engineers and an August 2013 Map provided by Stetson Engineering.

Mr. Dahlstrom reported that the US Bureau of Reclamation started releasing water from Bradbury Dam on July 15th. He stated that this was based on a request made by the SYRWCD (Parent District) to provide water to recharge the groundwater basins along the Santa Ynez River downstream of the Dam and on the Lompoc Plain. He explained that the release is consistent with State water rights orders as well as agreements among the users who store water in Lake Cachuma. Mr. Dahlstrom indicated that the release is expected to continue into the fall, but at a lower rate once the water has reached the Lompoc area. He stated that District staff, Mr. Alex Pappas, has been monitoring the release and the habitat pools along the SY River.

3. Cachuma Project Water deliveries for WY 2012/2013 and Exchange Agreement Entitlement

The Board packet included COMB WY 2012/13 Entitlement Water Production and Water Use Report, August 2013 Lake Cachuma Daily Operations Report, CCWA Water Delivery Schedule and current correspondence relating to the Cachuma Project water deliveries.

Mr. Dahlstrom provided a verbal report on the status of the Cachuma Project water deliveries for WY 2012/2013. He explained that some project participants may run low or out of project water prior to the water year ending September 30th. He indicated that ID No.1 may have surplus water at the end of the water year, and would like the Board to consider offering it to the other Member Units for purchase or exchange under the Master Contract Agreement. He explained that if the elevation of Lake Cachuma reaches 100,000 AF all Member Units will be required to take a 20% reduction, which was agreed upon by all Member Units. He informed the Board that there is opposition from one south coast member agency. Mr. Dahlstrom stated that he will be requesting a Manager's meeting to discuss project deliveries under the current water year. He stated that more information would be provided at the September meeting. The Board members provided comments.

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

a) Hilton Creek Water System Failure and Status of USBR Short and Long-term remedies

The Board packet included an August 8, 2013 US Bureau of Reclamation letter. The Board was also provided an August 14, 2013 letter from the US Bureau of Reclamation regarding the Hilton Creek Water System in the handout material.

Mr. Dahlstrom provided a verbal report on the Hilton Creek watering system. He stated that as a result of power outage in June 2013 the two pumps failed resulting in the loss of steelhead fish. He referred to the current correspondence included in the packet and stated that to date there has been no short or long term plan established by the US Bureau of Reclamation to fix this situation. He reminded the Board that once the Lake level drops below 120,000 acre feet the gravity system is not able to maintain flow into Hilton Creek. He stated that staff will continue to monitor the Hilton Creek and provide further information when it becomes available.

b) USBR June 2013 RPM 6 Study Plan for Fisheries Actions with Downstream Water Rights Releases

The Board packet included a June 27, 2013 letter from the US Bureau of Reclamation to the National Marine Fisheries Service regarding RPM 6 and June 2013 Study Plan for compliance with Reasonable and Prudent Measure 6 of the Cachuma Project Biological Opinion.

Mr. Dahlstrom provided a verbal report on Prudent Measure 6, monitoring fish movement during water rights releases. He stated that the downstream parties (Parent District and SYRWCD, ID No.1) were not apprised of the preparation of the Study Plan nor the June 27, 2013 letter from the USBR. The plan included additional water rights information and warm water predator fish species which are not required and should not be included in the plan. He briefly discussed that this information was provided by the COMB biologist and should not have been addressed in the plan. He stated that staff will be monitoring the water releases and working with Reclamation.

- c) Proposed Fisheries Implementation Agreement with COMB; 2001 Memorandum of Understanding to Support Implementation of the NMFS BO

The Board packet included a draft March 22, 2013 proposed agreement to support implementation of fisheries activities and projects, the 2001 MOU to support the implementation of the NMFS Biological Opinion and an excerpt from the Master contract regarding the Renewal Fund.

Mr. Dahlstrom stated that the ad hoc committee for fisheries met on August 19, 2013 to discuss the proposed draft fisheries agreement. Trustee Beebe provided a review of the ad hoc committee meeting and comments relating to the draft agreement. The Board provided comments; no action was taken on the draft agreement due to other issues that have been occurring which would affect the agreement.

- d) Quiota Creek Habitat Improvement Project Crossing #1
The Board packet included the Quiota Creek Crossing #1 budget, Corrective Action Plan and purchase order for reference and discussion.

Mr. Dahlstrom provided the Board a review of the current activities related to the Quiota Creek crossing #1 project. He stated that COMB has submitted the project for grant funding, and that the COM Board will consider the bid for the construction portion of the project next week. He stated that more information will be provided at the September meeting.

- 5. National Marine Fisheries Service Section 7 Re-Consultation with US Bureau of Reclamation for Operation of the Cachuma Project and Preparation of the Biological Assessment(BA)

- a) Joint Biological Assessment preparation activities pursuant to the joint Defense and Cooperation Agreement March 2011 with CCRB and SYRWCD
The Board packet included a July 2013 correspondence relating to the NMFS Cachuma Project biological opinion re-consultation proceedings for reference and discussion purposes.

Mr. Dahlstrom provided a verbal report on the current activities of the Biological Assessment. He stated that numerous sections of the BA have been submitted to USBR for their review. He referenced a letter included in the handout materials dated August 14, 2013 from CCRB demanding a delay or extension regarding the remaining supporting documents to the BA. The Board provided comment. Mr. Dahlstrom also reported that Ms. Rees would be on vacation for the month of October and that Ms. Jean Baldrige of Entrix would be addressing any concerns during Ms. Rees' absence. Mr. Dahlstrom stated that more information would be provided at the September meeting.

B. State Water Resources Control Board

- 1. Notice of Surface Water Shortage for 2013
 - 2. Status of Permits 11308 and 11310 - Cachuma Project Continuing Operations - Water Right Order
- Agenda item IX.B.1.& 2. were discussed together.

The Board packet included an August 2013 State Water Resources Control Board memo regarding a Notice of Surface water shortage in 2013 and a July 24, 2013 CCRB memo regarding the SWRCB hearing proceedings.

Mr. Dahlstrom provided a verbal report on the current activities relating to the State Water Resources Control Board activities.

C. Cachuma Operation and Maintenance Board (COMB)

1. Report on Regular and Special Board Meetings

The Board packet included a July 15, 2013 Special Meeting agenda and the July 22, 2013 Regular Meeting agenda.

Trustee Beebe provided a verbal report on the items discussed at the Special and Regular Board meetings of COMB. He also reported that a new General Manager has been selected. Mr. Randall Ward was hired as of July 22, 2013.

2. Continued Participation by the District

Mr. Dahlstrom stated that Trustee Carroll requested that this item be added to the agenda for discussion. The Board provided comment and discussed the pros and cons of continuing as a participant in COMB. Legal Counsel was directed to review all the agreements and MOUs that would be affected if the District were to no longer be a COMB participant.

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

The Board packet included a Summary of Protest Letters and information relating to the recent Proposition 218 process.

The Board packet included a July 2013 Montecito Water District Notice of Public Hearing on Proposed Changes in Rates and Charges.

The Board packet included a Best Best & Krieger August 2013 Legal Alert.

The Board packet included a copy of a public records act request and response.

The Board packet included the July 17, 2013 SYCSD agenda and June 26, 2013 minutes. The Board briefly discussed the agenda items relating to recent rate increases for sewer and the June 26, 2013 minutes referring to the Los Olivos Steering Committee.

The Board packet included the July 2013 Family Farm Alliance Monthly Briefing.

Mr. Dahlstrom reported that Mr. Vince Sullivan, Maintenance Forman, announced his retirement effective August 2014. Mr. Dahlstrom stated that the District will begin recruitment sometime in November to fill the position.

XI. APPROVAL OF ACCOUNTS PAYABLE

The warrant list was provided in the handout material for Board action. The warrant list covers warrants 17152 through 17232, for the time period of July 17, 2013 through August 20, 2013 in the amount of \$536,744.08.

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

XII. REQUESTS FOR ITEMS TO BE INCLUDED ON THE NEXT REGULAR MEETING AGENDA:
The Board requested further discussion on the Reserve Policy, continued participation in COMB, and a discussion relating to current revenue projections.

XIII. CORRESPONDENCE: GENERAL MANAGER/SECRETARY RECOMMENDS THE ITEMS NOT MARKED WITH AN ASTERISK (*) FOR FILE
The correspondence list was reviewed and discussed by the Board.

XIV. NEXT REGULAR MEETING OF THE BOARD OF TRUSTEES:
Mr. Dahlstrom stated that the next Regular meeting of the Board of Trustees is scheduled for September 17, 2013.

XV. CLOSED SESSION:
The Board adjourned to closed session at 10:00 p.m. to discuss agenda items XV.A. & B.

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]

The Board reconvened to open session at 11:04 p.m. Mr. Kvistad reported that no action was required as a result of the closed session.

XVI. ADJOURNMENT:
Being no further business, it was MOVED by Trustee Beebe, seconded by Trustee Poor and carried by a 5-0 unanimous voice vote, to adjourn the meeting at 11:04 p.m.

RESPECTFULLY SUBMITTED,



Chris Dahlstrom, General Manager/Secretary

ATTEST: 

Karen Carroll, President