

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT  
IMPROVEMENT DISTRICT NO. 1  
JANUARY 15, 2019 REGULAR MEETING MINUTES

A Regular Meeting of the Board of Trustees of the Santa Ynez River Water Conservation District, Improvement District No. 1, was held at 3:00 p.m. on **Tuesday, January 15, 2019** in the Conference Room at 1070 Faraday Street, Santa Ynez.

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

Trustees Absent:     None

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

**I.     CALL TO ORDER AND ROLL CALL:**

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

**II.    PLEDGE OF ALLEGIANCE:**

President Walsh led the Pledge of Allegiance.

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

Mrs. Martone presented the affidavit of posting of the agenda, along with a true copy of the agenda for this meeting. She reported that the agenda was posted in accordance with the California Government Code commencing at Section 54950 and pursuant to Resolution No. 340 of the District. The affidavit was filed as evidence of the posting of the agenda items contained therein.

**IV.    CONSIDERATION OF THE MINUTES OF THE REGULAR MEETING OF DECEMBER 18, 2018:**

The Minutes of the Regular Meeting of December 18, 2018 were presented for consideration.

President Walsh asked if there were any changes or additions to the Regular Meeting Minutes of December 18, 2018. There was one minor correction requested.

It was **MOVED** by Trustee H. Burchardi, seconded by Trustee Joos and carried by a unanimous 5-0-0 voice vote, to approve the Regular Meeting Minutes of December 18, 2018 as corrected.

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

There were no additions or corrections.

**VI.    PUBLIC COMMENT:**

Mrs. Frances Komoroske and Mr. Fred Kovol provided comment to the Board.

**VII.   CONSENT AGENDA:**

The Consent Agenda report was provided in the Board packet. Mr. Dahlstrom reviewed the Water Supply and Production Report and the current rainfall totals with the recent storm. He reported that water production was 51 AF less than the 10-year running average.

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

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

**A. DISTRICT ADMINISTRATION:**

1. Financial Report on Administrative Matters

a) Presentation of Monthly Financial Statements – Revenues and Expenses

Mr. Dahlstrom reviewed the Statement of Revenues and Expenses for the month of December. He reported the revenues exceeded the expenses by \$574,254.77 for the month and the year-to-date net income was \$2,269,175.89. He reported the majority of revenue received was from first installment from the Santa Barbara County Special Tax Assessment in the amount of \$495,114.54. He reported the revenues accumulated during the fiscal year will be earmarked and utilized for the annual State Water Project and COMB Bond payments due in June 2019, as well as the Capital projects and the DWR/SWP Transportation OMP&R supplemental expenses and USBR Deficit expenses. Mr. Dahlstrom stated generally there are lower water sales during the winter months due to the downtrend of water demand and rainfall. The Board discussed the recent PG&E bankruptcy announcement and potential effects on power costs and solar options.

b) Approval of Accounts Payable

The Warrant List was provided in the handout material for Board action. The Warrant List covered warrants 21932 through 21983, for the period of December 19, 2018 through January 15, 2019 in the amount of \$340,902.11.

Mrs. Frances Komorowske and Mr. Fred Kovol provided comment to the Board.

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

c) Continuing Disclosure Document & Rate Covenant Coverage for 2018 Series "A" CCWA Bond

Mr. Dahlstrom reported that pursuant to the Central Coast Water Authority Bond Indenture, the District is required to annually submit financial information to the Bond Trustees to ensure that the District is complying with the 125% rate covenant requirement of the Bond. Mr. Dahlstrom explained that the District met and exceeded the rate covenant requirement at 2.24%. He indicated that the District submitted FY 2017-2018 disclosure information to CCWA by the January 7<sup>th</sup> deadline.

**B. OPERATIONS AND MAINTENANCE**

1. Upland Water Well 29

The Board packet included the Request for Bids for the Upland Water Well Drilling and Construction of Well 29. The Board was provided the Bid Summary Results and a January 15, 2019 Letter request of withdrawal from ABC Liovin Drilling in the handout materials.

a) Bid Results

b) Award of Contract

Agenda items VIII. B. 1. a). & b). were discussed together.

Mr. Dahlstrom reviewed the bid summary results and explained that upon initial review of the bids the apparent low bid is ABC Liovin Drilling in the amount of \$268,650.00. He reported that when staff did a detailed review of all bids and specifications, it was found that ABC Liovin Drilling's bid did not meet the District's specifications on the line-item for well casing materials. Mr. Dahlstrom explained that staff contacted the contractor and they admitted they had made an error on the bid and

subsequently requested to withdraw the bid. Mr. Dahlstrom indicated the District received a written request from ABC Liovin Drilling Inc. to withdraw their bid in the amount of \$268,650 due to an error contained in the bid.

Mr. Dahlstrom presented the options for Board consideration related to the ABC Liovin Drilling Inc. request for bid withdraw, which included holding ABC Liovin Drilling, Inc. to the lowest bid and require them to meet the bid specification at their expense, not accept the request to withdraw and allow the 10 days contract execution to expire and collect the bid bond posted by ABC Liovin Drilling, Inc., re-bid the project which would create a delay in the process and project or accept ABC Liovin Drilling's request for withdrawal and release their bond and then accept the bid from the second lowest bidder of Fain Drilling. Mr. Dahlstrom recommended accepting ABC Liovin's request to withdraw and accept the next lowest bid in the amount of \$379,360 from Fain Drilling for the Well 29 Drilling and Construction project.

Discussion ensued, relating to the options and legal considerations concerning the bid submitted by ABC Liovin, the withdrawal request and process to award the contract to the next lowest bidder.

It was MOVED by Trustee Joos, seconded by Trustee M. Burchardi and carried by a unanimous voice vote to accept the request to withdraw the bid from ABC Liovin Drilling Inc., accept the next lowest bid in the amount of \$379,360 from Fain Drilling, Inc. and authorize the General Manager to sign the award of contract to Fain Drilling Inc.

2. School Street 21-inch Water Main – Isolation Valve Installation Project

Mr. Dahlstrom reported on the School Street valve installation. He explained that with assistance from Kopple and Tierra Construction the project is expected to be complete within the next week once the backfill and compaction is done weather permitting. Mr. Dahlstrom explained the location of the valve installation and provided photos of the work performed. He also reported this capital project was included in the FY 2018-2019 approved budget.

Mr. Dahlstrom indicated that this project marks that final project completion for District Foreman Robert Hyland, who will be retiring at the conclusion of the project. Mr. Dahlstrom expressed his appreciation to Mr. Bob Hyland and the field crew for their work on this project. The Board requested that their appreciation for a job well-done be passed on to the staff who worked on this project.

Mr. Dahlstrom also reported that there was a leak on the 12-inch mainline on Calzada occurred while the School Street project was being completed. He reported the field crew worked on Saturday, January 12, 2019 to fix the leak.

3. 3.25 Million Gallon Zone 3 Reservoir – 5 Year Inspection and Cleaning Program

Mr. Dahlstrom reported the 3.25-million-gallon reservoir at Zone 3 is due for its five-year inspection and maintenance. He stated the work will be performed in the spring and staff is currently researching qualified contractors.

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

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

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

The Board packet included a January 8, 2019 letter from Brownstein Hyatt Farber Schreck to Mr. William Carter, Musick, Peeler & Garrett, LLP re: COMB Separation Agreement Compliance and November 27, 2018 correspondence from COMB re: Invoices for FY 2017/2018 and 2018/2019 - Oak Tree Mitigation Activities. The Board was provided several examples of previous detailed invoices for work performed in 2016 and 2011 in the handout materials.

Mr. Dahlstrom reviewed the letter included in the Board packet that was sent to Cachuma Operations and Maintenance Board (COMB) legal counsel, Mr. William Carter, regarding the Separation Agreement made between ID No.1 and COMB in August 2018. Mr. Dahlstrom explained that the Separation Agreement provides for the District to make payments to COMB for the District’s 10.31 percent share of actual costs related to certain activities required under the 2000 Biological Opinion (BiOp), and that the Separation Agreement requires COMB to provide invoices to the District including detailed descriptions of the actual costs for personnel/labor, operations and maintenance, and other actual net costs incurred by COMB in performing the 2000 BiOp activities. That information enables the District to understand the basis of COMB’s charges and determine whether the District disputes any portion of the invoice in accordance with the dispute resolution process contained in the Agreement. Mr. Dahlstrom explained that recent invoices submitted by COMB do not include the detailed financial backup that is contemplated by the Separation Agreement, and thus the District has requested additional information from COMB. In addition to the letter sent to COMB’s legal counsel, managerial staffs from the District and COMB have discussed this matter and the District is waiting for additional financial details from COMB based on the requirements of the Separation Agreement. Mr. Dahlstrom discussed a prior cost sharing arrangement between the District and COMB for fisheries expenditures wherein COMB provided invoices to the District with detailed descriptions of actual costs, which provides a direct example of the type of detailed invoicing that COMB should provide when sending invoices to the District under the Separation Agreement. Mr. Gary Kvistad provided a verbal report regarding an initial response he received from COMB’s legal counsel and explained that COMB has indicated that it would be providing further information.

Ms. Frances Komoroske provided public comment to the Board.

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

Mr. Dahlstrom reported that the Hexavalent Chromium 6 (Cr6) maximum contaminant level (MCL) issue is expected to return sometime this year. He explained that word amongst the water community indicates that the MCL may be remanded to 10ppb. Mr. Dahlstrom stated that in September 2017 the Sacramento County Superior Court found that the California Department of Public Health failed to properly consider the economic feasibility of compliance and the State of California rescinded the MCL of 10 ppb for Cr6. Mr. Dahlstrom reiterated to the Board the District is prepared to re-address the issue once the new MCL is released by the Department of Public Health.

Mr. Dahlstrom reported there has been a recent increase in encroachment issues within the District's easements/right-of-way which is causing access issues to District facilities. He explained that the field crew has encountered several situations with private fencing, gated communities, locked gates and non-access due to animals on the property. He stated that staff has been sending warning/violation letters to customers which cite the District Rules and Regulations relating to easements and the necessity for 24-hour free access to District facilities without interference.

Mr. Dahlstrom reported the City of Solvang requested to offset their monthly water use bill for December and January with their State water as an exchange. Mr. Dahlstrom reported he would be sending a letter indicating the request could not be accepted and that payment of the bills is required.

Mr. Dahlstrom stated that he, Mr. Paeter Garcia and Trustee Clay would be attending the Mid-Pacific Regional Water Users Conference held January 23-25, 2019 in Reno, NV. He stated that he was the Chair of the conference and provided names of several of the speaker's that will be attending the conference.

Mr. Dahlstrom reported that Mr. Ernest Conant has been named Director of the Mid-Pacific Region of the US Bureau of Reclamation. He stated Mr. Conant has 40 years of water law experience and previously served as legal counsel to the Santa Ynez River Water Conservation District. He stated this was good news as Mr. Conant is very familiar with the Cachuma Project and USBR Operations.

Mr. Dahlstrom reported that Mr. David Bernhardt, previously of Brownstein, Farber, Schreck, has been named the Deputy Secretary of the Department of Interior.

The Board packet included the December 2018 Family Farm Alliance Monthly Briefing newsletter.

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

The Correspondence list was received by the Board.

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

There were no requests from the Board.

**XIII. NEXT MEETING OF THE BOARD OF TRUSTEES:**

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

**XIV. CLOSED SESSION:**

The Board adjourned to closed session at 4:40 p.m. to discuss XIV.A. 1., 2., & 3.

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

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

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

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

**XV. RECONVENE INTO OPEN SESSION:**

[Sections 54957.1 and 54957.7 of the Government Code]

The Board reconvened to open session at 5:25 p.m. Mr. Garcia announced there was no reportable action on Agenda items XIV.A. 1., 2., & 3.

**XVI. ADJOURNMENT:**

Being no further business, it was **MOVED** by Trustee M. Burchardi, seconded by Trustee H. Burchardi and carried by a unanimous 5-0-0 voice vote, to adjourn the meeting at 5:26 p.m.

**THE JANUARY 15, 2019 REGULAR MINUTES WERE APPROVED AT THE FEBRUARY 19, 2019 MEETING.**