

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT  
IMPROVEMENT DISTRICT NO. 1  
MAY 29, 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 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.

**VII. CONSENT AGENDA:**

The Consent Agenda report was provided in the Board packet.

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

It was **MOVED** by Trustee M. Burchardi, seconded by Trustee Joos, 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. Board of Trustees Reorganization

a) Selection of Officers - President & Vice President

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

Vice President Clay called for nominations from the Board.

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

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

2. Financial Report on Administrative Matters

a) Presentation of Monthly Financial Statements - Revenues and Expenses

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

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

b) Approval of Accounts Payable

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

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

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

3. Fiscal Year 2019/2020 Preliminary Budget

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Draft Resolution 7XX: *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*
2. Draft Resolution 7XX: *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*

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

- c) Authorization to Post Notice and Make Public the 2019/2020 Appropriation Limitation Calculation

The Board packet included the FY2019/2020 Appropriation Limitation Calculation and the Public Notice.

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

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

5. Personnel Policy

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

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

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

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

Mr. Fred Kovol provided public comment to the Board.

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

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

AYES, Trustees:	Harlan Burchardi Michael Burchardi Jeff Clay Brad Joos Lori Parker
-----------------	--

NOES, Trustees:	None
ABSENT, Trustees:	None

**B. OPERATIONS AND MAINTENANCE:**

1. Upland Water Well 29 – Update

a) Ratification of Change Order Nos. 1 and 2

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

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

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

b) Notice of Completion

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

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

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

2. Water Line Replacement Project – Phase 2

a) Notice of Exemption

The Board packet included the Notice of Exemption for the Water Line Replacement Project – Phase 2.

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

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

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

**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

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

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

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

**B. Sustainable Groundwater Management Act**

1. Eastern Management Area Update

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

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

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

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

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

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

Mrs. Martone reported that the new billing software transition is complete. She explained that the new and updated features of the software are reflecting positive results for staff efficiency, as well as customer satisfaction with new modules that inform customers of impending shut-

offs, emergency repairs, and bill notifications via integrated voice recognition calling, text messaging and emails generated from the new software program.

**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 was a request to add an agenda item regarding District properties and infrastructure easements.

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

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

**XIV. CLOSED SESSION:**

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

**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

**XV. RECONVENE INTO OPEN SESSION:**

[Sections 54957.1 and 54957.7 of the Government Code]

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



**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.

**THE MAY 29, 2019 SPECIAL MEETING MINUTES WERE APPROVED AT THE REGULAR MEETING OF JUNE 18, 2019.**