

REGULAR MEETING
OF
CACHUMA OPERATION AND MAINTENANCE BOARD
AND
CACHUMA CONSERVATION RELEASE BOARD
at Cachuma Operation and Maintenance Board Office
3301 Laurel Canyon Road
Santa Barbara, CA 93105

CACHUMA OPERATION AND MAINTENANCE BOARD

MONDAY, September 25, 2006

Approximate Start Time

2:45 P.M.

AGENDA

1. COMB CALL TO ORDER, ROLL CALL. (COMB Board of Directors.) *(1 minute)*.
2. PUBLIC COMMENT. (Public may address the Board on any subject matter not on the agenda and within the Board's jurisdiction. See "Notice to the Public" below.) *(5 minutes)*
3. CONSENT AGENDA. (For Board Action by Vote on One Motion Unless Member Requests Separate Consideration.) *(2 minutes)*
 - a. Minutes
 - August 28, 2006 Regular Board Meeting,
 - b. Investment of Funds
 - Financial Reports
 - Investment Reports
 - c. Payment of Claims
4. REPORTS FROM THE MANAGER. (For information.) *(3 minutes)*
 - a. Water Storage
 - b. Water Production & Use, SWP Accounting
 - c. Operations Report
 - d. Verbal Report - Cachuma Reservoir Current Conditions
5. PROPOSED AMENDMENT TO RENEWAL MASTER CONTRACT FOR INTEREST RATE ADJUSTMENT. (For Board action.) *(10 minutes)*
6. CONSIDERATION OF RENEGOTIATION OF LAURO DAM SOD REPAYMENT AGREEMENT. (For Board action.) *(15 minutes)*
7. UPDATE ON LAURO DEBRIS BASIN REHABILITATION PROJECT. (For information.) *(5 minutes)*

8. SELECTION OF CONSULTANT FOR PREPARATION OF AN EIR FOR THE SOUTH COAST CONDUIT PIPELINE PROJECT. (For Board action.)
(10 minutes)
9. STATUS OF MOU APPROVAL FOR DEVELOPMENT OF INTEGRATED REGIONAL WATER MANAGEMENT PLAN. (See CCRB Item No. 7) (1 minute)
10. MEETING SCHEDULE.
 - October 2, 2006 Joint Special COMB/CCRB Board Meeting 2:00-5:00 P.M., at COMB Office
 - October 23, 2006 Regular Board Meeting following CCRB at 2:15 P.M., COMB Office
11. COMB ADJOURNMENT.

NOTICE TO PUBLIC

Public Comment: Any member of the public may address the Board on any subject within the jurisdiction of the Board that is not scheduled for a public hearing before the Board.

The total time for this item will be limited by the President of the Board. If you wish to address the Board under this item, please complete and deliver to the Secretary of the Board before the meeting is convened, a "Request to Speak" forms including a description of the subject you wish to address.

Americans with Disabilities Act: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Cachuma Operation and Maintenance Board office at (805) 687-4011 at least 48 hours prior to the meeting to enable the Board to make reasonable arrangements.

[This Agenda was Posted at 3301 Laurel Canyon Road, Santa Barbara, CA
at Santa Barbara City Hall, Santa Barbara, CA and at Member District Offices and Noticed
and Delivered in Accordance with Section 54954.1 and .2 of the Government Code.]

MINUTES OF A REGULAR MEETING
of the
CACHUMA OPERATION & MAINTENANCE BOARD
held at the
Cachuma Operation & Maintenance Board Office
3301 Laurel Canyon Road, Santa Barbara, CA
Monday, August 28, 2006

1. Call to Order, Roll Call

The meeting was called to order at 3:52 p.m. by President Chuck Evans, who chaired the meeting. Those in attendance were:

Directors present:

C. Charles Evans	Goleta Water District
Jan Abel	Montecito Water District
Robert Lieberknecht	Carpinteria Valley Water District
Matt Loudon	SYR Water Conservation Dist., ID#1
Das Williams	City of Santa Barbara

Others present:

Kate Rees	William Hair
Brett Gray	Steve Mack
Chip Wullbrandt	Charles Hamilton
Bob Roebuck	Kevin Walsh

2. [Closed Session] Conference with Legal Counsel to Discuss Pending Litigation Pursuant to Government Code Section 54956.9 (a). One Case: Crawford-Hall v COMB, Superior Court of California, County of Santa Barbara, Case No. 1171135.

The Board began Closed Session at 3:52 p.m. Closed Session ended at 4:08 p.m. There was nothing to report out of Closed Session.

3. Public Comment

There were no comments from the public.

4. Consent Agenda

- a. **Minutes:** July 24, 2006 Regular Board Meeting
- b. **Investment of Funds**
 - Financial Report
 - Investment Report
- c. **Payment of Claims**

Director Abel moved to approve the Consent Agenda, seconded by Director Loudon. Motion carried, 7/0/0.

5. Committee Appointments for FY 2006-07

It was recommended that the President of the Board make appointments for FY 2006-2007 to the following committees: Capital Improvements, Finance, Management & Public Affairs, Operations, and Legal Affairs. Each committee should consist of two board members plus an alternate to serve on each committee.

President Evans' committee appointments for FY 2006-2007 were:

Capital Improvements: Directors Abel and Evans, Director Williams as alternate

Finance: Directors Loudon and Williams, Director Lieberknecht as alternate

Management & Public Affairs: Director Lieberknecht and Loudon, Director Evans as alternate

Operations: Directors Lieberknecht and Evans, Director Abel as alternate

Legal Affairs: Directors Abel and Williams, Director Loudon as alternate

6. Cachuma Reservoir Current Conditions

Date 08/28/2006

Lake elevation	749.06 feet
Storage	185,188 acre feet
Rain (for the month to date)	0.00 inches
Rain YTD (for the season to date)	0.00 inches
Fish Release-Hilton Creek	19.8 acre feet per day
Month to Date Fish Release	554 acre feet
Month to Date Spill	0.00 acre feet

7. Status of Lauro Dam Seismic Safety Modifications Project

Ms Rees reported that the seismic modifications to Lauro Dam are about 99% complete. Brett Gray updated the Board on the final stages of the project. He reported there are basically four items remaining to be done; repair work to San Roque Road, building of the new access roads, hydro seeding and fencing, and valve actuator work in the tunnel. The contractor's cost to date is \$4,544,630, and the total cost will be about \$7.5 million COMB's repayment cost will be 15% of the total cost.

Ms Rees reviewed background information with the Board. After many months of negotiations, COMB and Reclamation reached agreement on all terms, and the COMB Board approved the Repayment Agreement in final form in March 2006. The final contract was to be forwarded to COMB for signature shortly thereafter from the Regional Director's office, however by August 2006, it still had not been received. Ms Rees met with Michael Jackson, SCC Area Manager, in Fresno to ascertain the reasons for the delay and to discuss two issues that had recently been

raised regarding the terms of the repayment contract. The first issue dealt with COMB's commitment to repay 15% of the total cost. John Davis, Deputy Regional Director, wanted to strengthen the language in the contract to assure that COMB would pay the 15% of the total cost without further negotiation if the cost exceeded the \$17 million appropriated by Congress. Because the project has been completed with a total cost of about \$7.5 M to \$8 M, this has become a mute point. The other issue relates to the basis of negotiation for the cost allocation between irrigation use and M&I use. The contract was negotiated in good faith by Reclamation using the historical split of 51% irrigation and 49% M&I. However, Reclamation now thinks it should be based on actual water usage instead of historical use. Therefore, the Regional Office has suggested that the contractual percentage split be changed to a 25% irrigation allocation and 75% M&I allocation. The Board requested that this be discussed at the next Manager/Attorney meeting and that a recommendation be brought back to the Board at the September 25th meeting.

8. Reclamation Meeting Held July 26, 2006, Fresno, CA

In addition to the Lauro SOD Repayment Agreement, Ms Rees discussed with Reclamation the status of changing the interest rate for M&I water in the Renewal Master Contract. For ten years the M&I component was 3% interest, at the end of ten years it was to increase to 7.5% unless another Project successfully negotiated a lower interest rate in its renewal contract with Reclamation. In the event that occurred, Reclamation must re-open negotiations with the Cachuma Project in order to adjust the M&I interest rate accordingly. In 2001, the Friant Water Authority did negotiate a lower interest rate for two of its member agencies of about 3.75%. Bob Wignot, the former COMB General Manager, began discussions with Reclamation's financial staff in 2005, and all were in agreement that the interest rate should be adjusted to the rate given to the Friant agencies. To date, however, COMB has not received a formal acknowledgement from Reclamation nor has Reclamation adjusted its water billings to reflect a new interest rate. In order to bring this issue to a timely conclusion, Bob Roebuck, Montecito Water District GM, suggested that COMB's legal counsel send a letter to Kirk Rodgers, Reclamation's Regional Director, quoting the applicable section of the Renewal Master Contract and indicate the appropriate interest rate that should be charged based on the Friant contracts. He also suggested that Mr. Hair draft an amendment to the Cachuma Renewal Master Contract to be attached to the letter with a request that Reclamation sign and execute the revised agreement for the indicated interest rate. Matt Loudon requested that a copy of the letter and contract amendment be sent to Representative Elton Gallegly. The Board directed Counsel Bill Hair to write the letter and draft an amendment.

Ms Rees also asked Reclamation about the status of our request to add the cost for the Bradbury Dam Flashboard Project to the capital cost of the Cachuma Project and receive a "front end credit" to offset the \$500,000 already paid by the Member Units. Although Reclamation agreed in April 2005 that this was a legitimate capital improvement, the increase in total capital cost would have to have been appropriated by Congress before the project began. Because COMB has already paid for the flashboard construction, Reclamation can find no way to back it out. They said that the Member Units would have to be responsible for submitting legislation to attempt

to re-coup this money. Ms Rees felt this would entail a lot of time and money and we may not be successful. Therefore, she recommended that we accept Reclamation's decision.

Ms Rees also discussed the Member Units' desire to renegotiate the Renewal Master Contract to a straight repayment agreement as opposed to the current water service agreement with a repayment component. Reclamation would be willing to consider doing this and asked that Ms Rees draft a letter stating we would like to start contract negotiations on this change.

Ms Rees reported that Reclamation inquired if we had further considered title transfer of the Cachuma Project. She told them that there is currently no interest in taking over title to Bradbury Dam because of liability issues and state seismic requirements. Reclamation thought the Army Corp of Engineers might be a possibility for taking over the liability for the dam. She did indicate that the Member Units are interested in transferring title for the South Coast Facilities. Reclamation would also like the Member Units to consider taking over the O&M of the Dam.

9. Lauro Debris Basin Rehabilitation Project – Ad Hoc Committee Report; Recommendation to Approve Preliminary Design, Environmental and Permitting Work

The Ad Hoc committee consisting of Director Evans, Director Williams, Kevin Walsh and Steve Mack reported on their July 24th meeting. The committee was appointed to negotiate an equitable cost allocation for the Lauro Debris Basin project. Goleta Water District (GWD) was of the opinion that the standard Cachuma entitlement cost allocation was not appropriate for this project. GWD feels it is a water quality project and of less benefit to GWD than the other Member Units. Director Williams reported that the City of Santa Barbara rejected Director Evans suggestion of changing the cost allocation for this project. The committee's only viable recommendation was for staff to search for a less costly method for constructing the debris basin and bring back to the Board a new recommendation at the September 25th Board meeting.

10. Proposition 50 – Integrated Regional Water Management Plan

Ms Rees reported on the IRWMP development during the CCRB meeting, item #10. There was no additional information or discussion.

11. Resolution 450 in Support of Proposition 84 – 2006 Water Bond

The support of Proposition 84 – 2006 Water Bond was thoroughly discussed during the CCRB meeting, item #11. There was no additional information or discussion.

Director Williams moved to approve Resolution No. 450 declaring support of Proposition 84, the Safe Drinking Water, Water Quality and Supply, Flood Control,

River and Coastal Protection Bond Act of 2006, seconded by Director Abel. A roll call vote was taken, passed 7/0/0.

12. Meeting Schedule

October 2, 2006 Joint Special COMB/ Board Meeting at 2:00-5:00 P.M., at COMB Office

September 25 2006 Regular Board Meeting following CCRB at 2:15 p.m., COMB Office

13. COMB Adjournment

There being no further business, the meeting was adjourned at 5:37 p.m.

Respectfully submitted,

Kate Rees, Secretary of the Board

APPROVED:

Chuck Evans, President

sec.comb/boardminutes/08.28.06COMB Minutes.doc

Approved _____

Unapproved _____ ✓

ITEM # 3a

PAGE 5

comb2
Balance Sheet
 As of August 31, 2006

	Aug 31, 06
ASSETS	
Current Assets	
Checking/Savings	
1050 · GENERAL FUND	158,807.33
1100 · REVOLVING FUND	11,997.84
TRUST FUNDS	
1220 · RENEWAL FUND	5,043.85
1210 · WARREN ACT TRUST FUND	12,501.38
Total TRUST FUNDS	17,545.23
Total Checking/Savings	188,350.40
Other Current Assets	
1010 · PETTY CASH	400.00
1200 · LAIF	985,868.37
1300 · DUE FROM CCRB	42,445.17
1302 · ASSESSMENTS RECEIVABLE-CARP	114,268.23
1303 · SOD Act Assessments Receivable	49,902.00
1400 · PREPAID INSURANCE	11,696.72
1401 · W/C INSURANCE DEPOSIT	3,906.00
Total Other Current Assets	1,208,486.49
Total Current Assets	1,396,836.89
Fixed Assets	
1500 · VEHICLES	241,943.65
1505 · OFFICE FURN & EQUIPMENT	101,559.26
1510 · TRAILERS	97,803.34
1515 · FIELD EQUIPMENT	305,942.35
1525 · PAVING	22,350.00
1550 · ACCUMULATED DEPRECIATION	-526,843.07
Total Fixed Assets	242,755.53
Other Assets	
1910 · LT SOD Act Assess Receivable	5,397,341.07
Total Other Assets	5,397,341.07
TOTAL ASSETS	7,036,933.49
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2200 · ACCOUNTS PAYABLE	80,642.97
Total Accounts Payable	80,642.97
Other Current Liabilities	
2550 · VACATION/SICK	61,815.80
2561 · BRADBURY DAM SOD ACT	49,902.00
2590 · DEFERRED REVENUE	17,545.23
Payroll-DepPrm Admin	45.00
Payroll-DepPrm Ops	4.62
Total Other Current Liabilities	129,312.65
Total Current Liabilities	209,955.62
Long Term Liabilities	
2600 · Lease Obligation Payable	29,810.84
2601 · Note Payable SBB&T	114,406.02
2602 · SOD Act Liability-Long Term	5,397,341.07
Total Long Term Liabilities	5,541,557.93
Total Liabilities	5,751,513.55
Equity	
3000 · Opening Bal Equity	0.95

8:08 AM
09/20/06
Accrual Basis

comb2
Balance Sheet
As of August 31, 2006

	<u>Aug 31, 06</u>
3901 - Retained Earnings	785,863.52
Net Income	<u>499,555.47</u>
Total Equity	<u>1,285,419.94</u>
TOTAL LIABILITIES & EQUITY	<u><u>7,036,933.49</u></u>

comb2
Profit & Loss Budget vs. Actual
 July through August 2006

8:10 AM
 09/20/06
 Accrual Basis

TOTAL

	Jul - Aug 06	Budget	\$ Over Budget	% of Budget
Income				
3000 REVENUE				
3001 · O&M Budget	806,910.50			
3010 · Interest Income	7,014.31			
3020 · Misc Income	0.00			
Total 3000 REVENUE	813,924.81			
Total Income	813,924.81			
Gross Profit	813,924.81			
Expense				
3100 LABOR				
3150 · Health & Workers Comp	141,391.00		-118,292.99	16.3%
3155 · PERS	69,869.00		-59,875.77	14.3%
3160 · Payroll Comp FICA Ops	30,449.70		-26,102.54	14.3%
3165 · Payroll Comp MCARE Ops	7,121.30		-6,104.61	14.3%
3100 LABOR - Other	456,501.00		-456,501.00	0.0%
Total 3100 LABOR	101,927.40	705,332.00	-603,404.60	14.5%
3200 VEH & EQUIPMENT				
3201 · Vehicle/Equip Mtce	4,191.85	30,000.00	-25,808.15	14.0%
3202 · Fixed Capital	643.35	50,000.00	-49,356.65	1.3%
3203 · Equipment Rental	2,745.98	23,000.00	-20,254.02	11.9%
3204 · Miscellaneous	855.53	15,000.00	-14,144.47	5.7%
Total 3200 VEH & EQUIPMENT	8,436.71	118,000.00	-109,563.29	7.1%
3300 · CONTRACT LABOR				
3301 · Conduit, Meter, Valve & Misc	510.85	10,000.00	-9,489.15	5.1%
3302 · Buildings & Roads	9,302.15	15,000.00	-5,697.85	62.0%
3303 · Reservoirs	8,017.28	50,000.00	-41,982.72	16.0%
3304 · Engineering, Misc Services	0.00	20,000.00	-20,000.00	0.0%

comb2
Profit & Loss Budget vs. Actual
 July through August 2006

8:10 AM
 09/20/06
 Accrual Basis

	TOTAL		
	Jul - Aug 06	Budget	% of Budget
Total 3300 · CONTRACT LABOR	17,830.28	95,000.00	18.8%
3400 · MATERIALS & SUPPLIES			
3401 · Conduit, Meter, Valve & Misc	305.60	20,000.00	1.5%
3402 · Buildings & Roads	2,852.69	20,000.00	14.3%
3403 · Reservoirs	21.10	10,000.00	0.2%
Total 3400 · MATERIALS & SUPPLIES	3,179.39	50,000.00	6.4%
3500 · OTHER EXPENSES			
3501 · Utilities	638.34	6,300.00	10.1%
3502 · Uniforms	1,879.20	6,500.00	28.9%
3503 · Communications	2,081.33	18,190.00	11.4%
3504 · USA & Other Services	458.15	4,000.00	11.5%
3505 · Miscellaneous	672.86	6,000.00	11.2%
3506 · Training	376.37	7,000.00	5.4%
Total 3500 · OTHER EXPENSES	6,108.25	47,990.00	12.7%
4999 · GENERAL & ADMINISTRATIVE			
5000 · Director Fees	219.46	856.00	25.6%
5001 · Director Mileage	2,560.00	9,984.00	25.6%
5000 · Director Fees - Other			
Total 5000 · Director Fees	2,779.46	10,840.00	25.6%
5100 · Legal	4,680.00	72,000.00	6.5%
5101-1 · Audit	0.00	20,000.00	0.0%
5150 · Unemployment Tax	0.00	6,500.00	0.0%
5200 · Liability Insurance	36,713.00	38,000.00	96.6%
5201 · Health & Workers Comp	10,678.16	47,399.00	22.5%
5250 · PERS	4,333.96	28,632.00	15.1%
5260 · Comp FICA Admin	1,801.48	12,156.05	14.8%
5265 · Comp MCARE Admin	421.32	2,842.95	14.8%
5300 · Manager Salary	6,353.88	42,993.00	14.8%
5301 · Administrative Manager	11,678.84	77,615.00	15.0%
5306 · Administrative Assistant	7,913.92	51,441.00	15.4%
5310 · Postage/Office Exp	825.10	9,000.00	9.2%
5311 · Office Equip/Leases	949.96	5,750.00	16.5%
5312 · Misc Admin Expenses	1,599.92	10,000.00	16.0%
5313 · Communications	550.26	5,000.00	11.0%
5314 · Utilities	1,233.29	5,300.00	23.3%
5315 · Membership Dues	346.50	6,150.00	5.6%
5316 · Admin Fixed Assets	0.00	7,000.00	0.0%
5320 · Admin Facilitator Consultant	6,270.00	20,000.00	31.4%
5326 · Emp Training/Subscriptions	325.00	4,500.00	7.2%
5330 · Admin Travel/Conferences	76.77	5,000.00	1.5%
5331 · Public Information	27.39	2,000.00	1.4%
5332 · Transportation	60.70	1,200.00	5.1%

8:10 AM
09/20/06
Accrual Basis

comb2
Profit & Loss Budget vs. Actual
July through August 2006

	Jul - Aug 06	Budget	\$ Over Budget	% of Budget
TOTAL				
Total 4999 · GENERAL & ADMINISTRATIVE	99,618.91	491,319.00	-391,700.09	20.3%
5510 · Integrated Reg. Water Mgt Plan	0.00	10,000.00	-10,000.00	0.0%
6000 · SPECIAL PROJECTS				
6062 · SCADA	4,266.51	60,000.00	-55,733.49	7.1%
6090-1 · COMB Bldg/Grounds Repair	6,092.85	50,000.00	-43,907.15	12.2%
6092 · SCC Improv Plan & Design	16,186.56	300,000.00	-283,813.44	5.4%
6095 · SCC Valve & Cntrl Sta Rehab	15,229.77	600,000.00	-584,770.23	2.5%
6096 · SCC Structure Rehabilitation	3,535.84	400,000.00	-396,464.16	0.9%
6097 · GIS and Mapping	4,344.60	100,000.00	-95,655.40	4.3%
Total 6000 · SPECIAL PROJECTS	49,656.13	1,510,000.00	-1,460,343.87	3.3%
6400 · STORM DAMAGE				
6401 · Storm Damage 2005	0.00	100,000.00	-100,000.00	0.0%
Total 6400 · STORM DAMAGE	0.00	100,000.00	-100,000.00	0.0%
7000 · LEGAL & LITIGATION				
7002 · Spec Counsel-FMP-BO EIS/R	27,612.34	100,000.00	-72,387.66	27.6%
Total 7000 · LEGAL & LITIGATION	27,612.34	100,000.00	-72,387.66	27.6%
PAYROLL				
Gross	0.02			
Gross-CCRB	-0.09			
Total PAYROLL	-0.07			
Total Expense	314,369.34	3,227,641.00	-2,913,271.66	9.7%
Net Income	499,555.47	-3,227,641.00	3,727,196.47	-15.5%

ITEM # 36
PAGE 5

OFFICE OF THE TREASURER

SACRAMENTO

Local Agency Investment Fund
 PO Box 942809
 Sacramento, CA 94209-0001
 (916) 653-3001

RECEIVED

SEP 18 2006

CACHUMA OS.



August, 2006 Statement

CACHUMA OPERATION AND MAINTENANCE BOARD

Account Number : 70-42-001

Attn: GENERAL MANAGER
 3301 LAUREL CANYON ROAD
 SANTA BARBARA CA 93105-2017

Transactions

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
08-09-2006	08-11-2006	RDA	1086778	KATHLEEN REES	- 645,000.00
08-09-2006	08-08-2006	RD	1086358	KATHLEEN REES	645,000.00
08-10-2006	08-11-2006	RDX	1086779	KATHLEEN REES	645,000.00
08-29-2006	08-28-2006	RW	1088356	KATHLEEN REES	- 93,000.00

Account Summary

Total Deposit :	645,000.00	Beginning Balance :	433,868.37
Total Withdrawal :	- 93,000.00	Ending Balance :	985,868.37

MEMO TO: Board of Directors
 Cachuma Operation & Maintenance Board

FROM: Kathleen Rees, Secretary

SUBJECT: COMB INVESTMENT POLICY

The above statement of investment activity for the month of August, 2006, complies with legal requirements for investment policy of government agencies, AB 1073. I hereby certify that it constitutes a complete and accurate summary of all LAIF investments of this agency for the period indicated.

Kathleen Rees
 Secretary

ITEM # 36PAGE 6

Payment of Claims

As of August 31, 2006

Date	Num	Name	Memo	Split	Amount
1050 · GENERAL FUND					
8/7/2006	15278	Acorn Landscape Managem...	Monthly mtce	2200 · ACCO...	-239.70
8/7/2006	15279	ACWA Services Corporation ...	Aug EAP	2200 · ACCO...	-47.46
8/7/2006	15280	ACWA/Joint Powers Insuran...	Auto/Gen Liability Policy Year 10/1/0...	2200 · ACCO...	-44,713.00
8/7/2006	15281	Affordable Telephone Syste...	Voice mail fix	2200 · ACCO...	-295.00
8/7/2006	15282	Aqua-Flo Supply		2200 · ACCO...	-455.18
8/7/2006	15283	Bedrock Building Supplies	Gravel-Lauro yard	2200 · ACCO...	-122.84
8/7/2006	15284	Boyle Engineering Corp.		2200 · ACCO...	-20,852.17
8/7/2006	15285	C. Charles Evans	7/24 Reg mtg-7/17 Spec mtg	2200 · ACCO...	-264.90
8/7/2006	15286	Cedant Web Hosting		2200 · ACCO...	-19.94
8/7/2006	15287	CIO Solutions, Inc.	New PC installs/reinstalls/QB install/...	2200 · ACCO...	-1,007.50
8/7/2006	15288	City of SB-Refuse		2200 · ACCO...	-149.98
8/7/2006	15289	COMB-Petty Cash	Replenish petty cash	2200 · ACCO...	-266.48
8/7/2006	15290	COMB - Revolving Fund	Aug 11 & 25, 2006 payrolls/taxes	2200 · ACCO...	-99,092.17
8/7/2006	15291	County of Santa Barbara	Hazardous waste disposal	2200 · ACCO...	-160.85
8/7/2006	15292	Cox Communications	Business Internet 7/18-8/17/06	2200 · ACCO...	-199.00
8/7/2006	15293	Culligan Water	RO system Aug	2200 · ACCO...	-20.95
8/7/2006	15294	Das Williams	7/24 Reg mtg-7/17 Spec mtg	2200 · ACCO...	-263.38
8/7/2006	15295	Day-Timers, Inc.	Pocket calendar refill-2007	2200 · ACCO...	-34.74
8/7/2006	15296	ECHO Communications	Answering service	2200 · ACCO...	-53.00
8/7/2006	15297	ESRI	ArcGIS Spatial Analyst/ArcGIS 3D A...	2200 · ACCO...	-1,038.76
8/7/2006	15298	Federal Express	Mailings/CCRB Mailings	2200 · ACCO...	-90.70
8/7/2006	15299	GE Capital	Mita copier lease Bill ID#90133603185	2200 · ACCO...	-427.77
8/7/2006	15300	HACH Company		2200 · ACCO...	-638.10
8/7/2006	15301	Home Depot Credit Services	Saw blades	2200 · ACCO...	-12.83
8/7/2006	15302	J&C Services	7/7,24 office cleaning	2200 · ACCO...	-250.00
8/7/2006	15303	Jan Abel	7/24 Reg mtg-7/17 Spec mtg	2200 · ACCO...	-273.80
8/7/2006	15304	MarBorg Industries		2200 · ACCO...	-163.04
8/7/2006	15305	Matt Loudon	7/24 Reg mtg-7/17 Spec mtg	2200 · ACCO...	-306.47
8/7/2006	15306	McCormix Corp.	Diesel fuel	2200 · ACCO...	-66.65
8/7/2006	15307	Milpas Rental	Saw-Lauro yard	2200 · ACCO...	-87.93
8/7/2006	15308	Network Solutions	CCRB-COMB.ORG domain name re...	2200 · ACCO...	-34.99
8/7/2006	15309	Nextel Communications	Cellular 6/19-7/18/06	2200 · ACCO...	-316.45
8/7/2006	15310	Paychex, Inc.	7/14 & 28/06 payrolls/taxes	2200 · ACCO...	-218.27
8/7/2006	15311	PG&E		2200 · ACCO...	-182.30
8/7/2006	15312	Platinum Plus For Business		2200 · ACCO...	-636.48
8/7/2006	15313	Praxair Distribution	Cylinder rental	2200 · ACCO...	-34.06
8/7/2006	15314	Republic Elevator	Scheduled mtce	2200 · ACCO...	-208.33
8/7/2006	15315	Robert Lieberknecht	7/24 Reg mtg-7/17 Spec mtg	2200 · ACCO...	-281.18
8/7/2006	15316	SB Home Improvement Center	Misc supplies	2200 · ACCO...	-14.06
8/7/2006	15317	Southern California Edison	Main ofc/outlying stations	2200 · ACCO...	-1,440.47
8/7/2006	15318	Southwest Services	Calibration-GW, GATO Venturi	2200 · ACCO...	-510.85
8/7/2006	15319	The Gas Company	Gas-main office	2200 · ACCO...	-1.03
8/7/2006	15320	The Wharf	Steel toe boots-SV	2200 · ACCO...	-107.20
8/7/2006	15321	UC Regents		2200 · ACCO...	-650.00
8/7/2006	15322	Underground Service Alert	73 new tickets	2200 · ACCO...	-116.80
8/7/2006	15323	UPS		2200 · ACCO...	-23.45
8/7/2006	15324	Verizon Wireless	Cellular	2200 · ACCO...	-176.32
8/7/2006	15325	Squidly's Car Wash	Vehicle wash/mtce	2200 · ACCO...	-80.00
8/8/2006	15326	AC Ramirez Floor Coverings...	Install carpet tiles-new ops/implant Ill...	2200 · ACCO...	-2,107.00
8/8/2006	15327	AT&T	Jul 27, 2006 statement	2200 · ACCO...	-217.91
8/8/2006	15328	Graham Chevrolet-Cadillac	Replace drivers-indoor handle-Chevy...	2200 · ACCO...	-178.36
8/8/2006	15329	Interactive Planning and Man...	Facilitator services 7/1-8/4/06	2200 · ACCO...	-6,270.00
8/8/2006	15330	Laser Cartridge Co.	Recharge printer cartridge	2200 · ACCO...	-62.48
8/8/2006	15331	Lash Construction, Inc.		2200 · ACCO...	-225.76
8/8/2006	15332	Onset Computer Corporation	Upgrade water temp unit PO#5019	2200 · ACCO...	-67.00
8/8/2006	15333	Orchard Supply Hardware		2200 · ACCO...	-161.44
8/8/2006	15334	Southern California Edison	Glen Anne gate	2200 · ACCO...	-13.83
8/8/2006	15335	State Compensation Insuran...	Payroll report-Jul 2006	2200 · ACCO...	-2,927.08
8/8/2006	15336	Tri-County Office Furniture	Table/2 chairs-KR ofc	2200 · ACCO...	-1,058.10
8/8/2006	15337	Verizon California		2200 · ACCO...	-339.77
8/9/2006	15338	ACWA Services Corp. (ASC)	Cov period 9/1-10/1/06	2200 · ACCO...	-8,843.64
8/9/2006	15339	Nordman, Cormany, Hair & ...	Gen Counsel Jul services	2200 · ACCO...	-4,680.00
8/9/2006	15340	Prudential Overall Supply		2200 · ACCO...	-284.64
8/15/2006	15341	Caterpillar Financial Services...	Backhoe lease Contract #001-02586...	2200 · ACCO...	-1,294.06
8/15/2006	15342	CDW Government, Inc.	D-Link wireless printer server PO#8641	2200 · ACCO...	-94.19
8/15/2006	15343	CIO Solutions, Inc.	QB remote install/ARC service pack/...	2200 · ACCO...	-581.25
8/15/2006	15344	Dell Marketing L.P.		2200 · ACCO...	-2,505.62
8/15/2006	15345	Durbiano Fire Equipment, Inc.	3 fire extinguishers	2200 · ACCO...	-290.93

8:09 AM
09/20/06
Accrual Basis

comb2
Payment of Claims
As of August 31, 2006

Date	Num	Name	Memo	Split	Amount
8/15/2006	15346	Fleet Fueling	Fuel/fuel cards	2200 · ACCO...	-1,667.66
8/15/2006	15347	J&C Services	8/4,11 office cleaning	2200 · ACCO...	-250.00
8/15/2006	15348	MarBorg Industries		2200 · ACCO...	-204.10
8/15/2006	15349	Powell Garage	Engine tune/transmission/cooling/diff...	2200 · ACCO...	-1,343.16
8/15/2006	15350	Republic Elevator	Install new pit & hoistway switches	2200 · ACCO...	-1,690.98
8/15/2006	15351	Reserve Account	Postage refill	2200 · ACCO...	-400.00
8/15/2006	15352	Santa Barbara Sand & Top S...	Fill sand-Lauro yard project	2200 · ACCO...	-199.34
8/15/2006	15353	Staples Credit Plan	Ofc supplies	2200 · ACCO...	-1,191.95
8/15/2006	15354	Verizon California	SCADA Aug 4-Sep 4	2200 · ACCO...	-514.64
8/15/2006	15355	Acorn Landscape Managem...	Balance due-weed work completed-...	2200 · ACCO...	-1,379.00
8/22/2006	15356	Angelus Block Co., Inc.	Block-new shop	2200 · ACCO...	-391.96
8/28/2006	15357	Squidly's Car Wash	Vehicle wash/mtce	2200 · ACCO...	-90.00
8/29/2006	15358	Bureau of Reclamation	Water chrgs-1st Period 10/1/06-4/1/07	2200 · ACCO...	-755,538.31
8/29/2006	15359	Robert Dunlap	Reimb-hotel/parking-ESRI Conf	2200 · ACCO...	-235.00
Total 1050 · GENERAL FUND					-973,945.69
TOTAL					-973,945.69

05-06 ENTITLEMENT

CACHUMA OPERATION AND MAINTENANCE BOARD
 WATER PRODUCTION AND WATER USE REPORT
 FOR THE MONTH OF AUGUST 2006 AND THE WATER YEAR TO DATE

(All in rounded Acre Feet)

	MONTH					YTD
	TOTAL					TOTAL
WATER PRODUCTION:						
Cachuma Lake (Tec. Diversion)	2,917					21,623
Tecolote Tunnel Infiltration	181					2,018
Glen Anne Reservoir	0					0
Cachuma Lake (County Park)	13					70
State Water Diversion Credit	111					864
Gibraltar Diversion Credit	0					0
Bishop Ranch Diversion	0					0
Meter Reads	2,761					21,479
So. Coast Storage gain/(loss)	(34)					25
Total Production	3,112					23,711
Total Deliveries	2,838					22,368
Unaccounted-for	273					1,343
% Unaccounted-for	8.78%					5.66%
	GWD	SB CITY	MWD	CVWD	SYRWCD	TOTAL
WATER USE:						I.D. #1
M&I	926	577	375	194	13	2,085
Agricultural	409	0	57	210	0	677
TOTAL FOR MONTH	1,335	577	432	404	13	2,761
Same Mo/prev. yr	1,208	607	553	452	10	2,830
M&I Yr to date	7,333	5,273	2,495	1,224	70	16,395
Ag. Yr to date	3,240	0	547	1,182	0	4,970
TOTAL YTD	10,573	5,273	3,042	2,406	70	21,364
USAGE % YTD	64.5%	42.6%	74.9%	53.5%	17.3%	56.5%
Previous Year/YTD	10,096	8,327	2,407	2,949	55	23,834
Evaporation	0	0	0	0	0	0
Evaporation, YTD	60	115	8	21	7	211
Entitlement	9,322	8,277	2,651	2,813	2,651	25,714
Carryover	4,832	5,800	874	1,469	296	13,271
Carryover Balances Spilled YTD	0	(2,886)	0	(264)	(253)	(3,403)
Surplus^^	1,519	675	306	159	6	2,665
State Water Exchange^	812	539	539	363	(2,253)	0
Transfers*/Adjustment***	0	300	(300)	0	0	0
Passthrough H2O**	0	(54)	0	0	0	(54)
TOTAL AVAILABLE	16,484	12,651	4,070	4,540	447	38,192
REMAINING BALANCE	5,851	7,263	1,020	2,113	370	16,617

* Juncal Exchange Agrmt - MWD transferred 300 AF to City in July 2006.

** City relinquished 6 AF per "Passthrough" agrmt for August 2006 (No Passthrough during spill conditions).

State Water Deliveries for August to Lake Cachuma were MWD 0 AF; CVWD 0 AF
 GWD 0 AF (Morehart 0 AF); City of S.B. 0 AF; and LaCumbra 111 AF; (Ratheon 0 AF).

^ Per SWP Exchange Agrmt GWD received 230 AF; MWD received 154;
 City of SB received 154 AF; and CVWD received 103 AF from ID#1 in August 2006.

PERCENT OF WATER YEAR ELAPSED: 91.7%

ITEM # 46
 PAGE 1

COMB STATE WATER PROJECT ACCOUNTING - SOUTH COAST ONLY (Does not include SYRWCD, ID#1 or exchange water)

MONTH	DELVRD TO LAKE	Delvd CVWD		Delvd MWD		Delvd S.B.		Delvd GWD		Delvd LCMWC		Delvd RSYS		Delvd MLC	
		to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC
2005		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bal. Frwd		0	0	0	0	0	0	0	0	0	0	0	0	0	0
January	45	0	12	12	0	18	32	0	0	76	0	0	0	0	0
February	0	0	0	0	0	0	-32	50	3	-76	20	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	185	0	0	0	0	0	0	0	131	95	0	20	0	34	0
December	276	0	0	0	0	0	0	0	196	0	196	30	0	50	0
Total	506	0	12	12	0	18	0	50	330	95	-59	50	0	84	0

COMB STATE WATER PROJECT ACCOUNTING - SOUTH COAST ONLY (Does not include SYRWCD, ID#1 or exchange water)

MONTH	DELVRD TO LAKE	Delvd CVWD		Delvd MWD		Delvd S.B.		Delvd GWD		Delvd LCMWC		Delvd RSYS		Delvd MLC	
		to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC
2006		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bal. Frwd		0	0	0	0	0	0	0	0	0	0	0	0	0	0
January	0	0	0	0	0	0	0	0	0	95	0	0	0	0	0
February	111	0	0	0	0	0	0	0	111	0	111	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	60	0	0	0	0	0	0	0	60	0	60	0	0	0	0
July	121	0	0	0	0	0	0	0	66	0	66	55	0	55	0
August	111	0	0	0	0	0	0	0	111	0	111	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	403	0	0	0	0	0	0	0	348	0	443	55	0	55	0

Operations Report – August 2006

Cachuma Project water usage for the month of August 2006 was 2,761 acre-feet, compared with 2,830 acre-feet for the same period in 2005. Cachuma Project water use for the 12 months ending 31 August 2006 was 23,880 acre-feet, compared with 25,757 acre-feet for the 12 months ending 31 August 2005.

The average flow from Lake Cachuma into the Tecolote Tunnel was 94 acre-feet per day. Lake elevation was 750.55 feet at the beginning of the month and 748.92 feet at the end. Recorded rainfall at Bradbury Dam was 0.00 inches for the month and 0.00 inches for the rainfall season, which commenced on July 1, 2006.

Santa Barbara wheeled 690 acre-feet of Gibraltar water through Lauro Reservoir during the month. 111 acre-feet of State Water Project water was wheeled through Cachuma Project facilities and delivered to South Coast Member Units during the month.

Structure rehabilitation continued this month with work on blow-off piping. Blow-off piping consists of the riser piping, a tee, a steel spool through the structure wall, and the discharge piping. The rehabilitation of the riser piping consists of new pipe being field fit and tack welded, sent out to welder for final welding, sent out for coating, and then reinstalled. Four structures are worked on at one time for this phase of work and this process takes about 2.5 weeks to complete from start to finish. All blow-offs require this rehabilitation. Structures that have problem with the discharge portion of the piping have the steel spool and discharge piping rehabilitated. This consists of excavating the discharge piping which is typically buried, field fitting and tack welding a new spool through the structure wall, install a new gate valve outside the structure, installing new discharge piping of PVC or HDPE, and coating all steel parts. About five structures require only the riser piping rehabilitation and about another five require the full discharge piping rehabilitation for the current section of SCC being rehabilitated. This work will continue through the summer and fall until first rains.

Engineering and planning continues on the larger rehabilitation projects scheduled for winter. This work includes the removal of lateral 14 in the Goleta Reach, the next new line valve located at El Carro Park, and the line valve scheduled for Montecito Yard. These projects require extensive planning, preparation and coordination for them to work within the limited project windows and shutdowns. The first two of these projects are scheduled for January through March of this winter.

Miscellaneous work completed this month includes:

- Weed abatement at Glen Anne Reservoir, North Portal Control Station, Ortega Reservoir, Carpinteria Reservoir, Lauro Reservoir, and Sheffield Control Station
- CDMT Electrical work continued with installation of transformer and underground conduits
- Lauro Dam Modification inspection and punch list preparation

Routine operation and maintenance activities conducted during the month included:

- Sample water at North Portal Intake Tower
- Complete Maintenance Management Program work orders
- Read anode rectifiers and monitor cathodic protection systems
- Monitor conduit right-of-way and respond to Dig Alert reports
- Read piezometers and underdrains at Glen Anne, Lauro and Ortega Dams
- Read meters, conduct monthly dam inspections, and flush venture meters


Brett Gray
Operations Supervisor

[COMB LETTERHEAD]

DRAFT

September 20, 2006

Michael Jackson
Area Manager
South Central California Area Office
Bureau of Reclamation
1243 "N" Street
Fresno, CA 93721

Re: Request for Change in Interest Rates Specified for M&I Capitol
Costs-Contract No. I75r-1802R-Contract Between the United States
and Santa Barbara County Water Agency Providing for Water
Service From the Project, Cachuma Project, California

Dear Mr. Jackson:

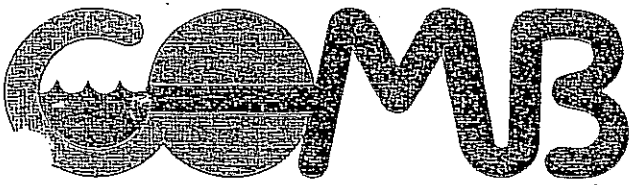
This letter is a follow up to, and a renewal of, the request made in the letter dated March 14, 2005, to your predecessor, Mr. William H. Luce, Area Manager, South Central California Area Office, Bureau of Reclamation, from Robert E. Wignot, the then General Manager of the Cachuma Operation and Maintenance Board (copy enclosed).

To date, no response has been received to this request, which is clearly appropriate under the provision of sub article 6(e)(2)(B)(iii) of the captioned contract. It is COMB's understanding that the United States has negotiated long term renewal contracts for at least 2 of the central valley project contractors, contract I75r-2508-LDR1 with the Exeter Irrigation District and contract 14-06-200-7430-LDR1 with the Tea Pot Dome Water District. Both of these contracts provide for a calculation of the interest rate which is lower than the 20 year treasury constant maturity rate identified in the captioned contract with the Santa Barbara Water Agency.

COMB therefore again requests, on behalf of the Cachuma member units, that Reclamation reopen negotiation specifically to change the interest rate specified in contract sub article 6(e)(2)(B)(iii) to an interest rate calculated in the same manner as the M&I interest rate for the referenced Central Valley contracts.

Very truly yours,

C. Charles Evans, President
Cachuma Operation and Maintenance Board



CACHUMA OPERATION AND MAINTENANCE BOARD
3301 LAUREL CANYON ROAD
SANTA BARBARA, CALIFORNIA 93105-2017
TELEPHONE (805) 687-4011 FAX (805)569-5825
www.ccrb-comb.org
contactus@cachuma-board.org

March 14, 2005

CHRONO FILE

William H. Luce, Area Manager
South-Central California Area Office
Bureau of Reclamation
1243 N Street
Fresno, CA 93721

**Re: Request for Change in Interest Rate Specified for M&I Capital Costs -
Contract No. I75r-1802R - Contract between the United States and Santa
Barbara County Water Agency Providing For Water Service from the
Project, Cachuma Project, California**

Dear Mr. Luce:

The Cachuma Member Units are third party beneficiaries under the subject contract. Acting jointly as the Cachuma Operation and Maintenance Board (COMB), the Member Units hereby request a change in the rate specified in the contract for interest payable on M&I Capital Costs. This change in interest rate would be for the portion of the Repayment Period beginning October 1, 2005 through September 30, 2015.

Presently, contract sub article 6 (e)(2)(B)(ii) provides that the interest due for this period shall be at that rate which is the twenty (20) year Treasury constant maturity rate as shown on the Federal Reserve statistical release for the date on which the contract was executed by the United States. Bureau of Reclamation (Reclamation) staff has advised COMB that this Treasury rate was 7.7500% on April 14, 1996, the contract execution date.

However, contract sub article 6 (e)(2)(B)(iii) states "Notwithstanding sub article 6 (e)(2)(B)(ii), if at any time during the Repayment Period of the Project the Contracting Officer executes a long-term renewal contract for water deliveries from another reclamation project administered by the Contracting Officer in which the interest due on Capital Costs allocated to M&I Water is at an interest rate which is lower than the twenty (20) year Treasury constant maturity rate identified in sub article 6 (e)(2)(B)(ii), then the Contracting Officer shall, upon written request by the Contractor, or the Cachuma Member Units acting jointly, reopen negotiations to change the interest rate specified in sub article 6 (e)(2)(B)(ii) to an interest rate calculated in the same manner as the interest rate calculated in such long-term renewal contract."

*Carpinteria Valley Water District
City of Santa Barbara
Goleta Water District
Montecito Water District
Santa Ynez River Water Conservation District,
Improvement District #1
General Manager/Secretary of the Board, Robert E. Wignot, P.E.*


ITEM # 5
PAGE 3

Recently as you know, Reclamation negotiated long-term Central Valley Project (CVP) renewal contracts with Friant Districts at an interest rate lower than the twenty (20) year Treasury constant maturity rate identified in sub article 6 (e)(2)(B)(ii). For example, Reclamation staff has advised COMB that in the 2001 CVP M&I Water rate book, the M&I interest rate for the CVP was 3.5398%.

COMB therefore requests, on behalf of the Cachuma Member Units, that Reclamation reopen negotiations specifically to change the interest rate specified in contract sub article 6 (e)(2)(B)(ii) to an interest rate calculated in the same manner as the M&I interest rate for the CVP.

Please contact me at telephone (805) 687-4011 to schedule meeting dates for this purpose. Thank you for your prompt attention to this matter.

Sincerely,



Robert E. Wignot, P.E.
General Manager

CC: Santa Barbara County Water Agency
123 East Anapamu Street
Santa Barbara, CA 93101

Carpinteria Valley Water District
P.O. Box 578
Carpinteria, CA 93013

Goleta Water District
4699 Hollister Avenue
Santa Barbara, CA 93110

Montecito Water District
583 San Ysidro Road
Santa Barbara, CA 93108

City of Santa Barbara
P.O. Box 1990
Santa Barbara, CA 93102-1990

Santa Ynez River Water Conservation District, Improvement District No.1
P.O. Box 157
Santa Ynez, CA 93460-0157

CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

DATE: September 25, 2006
TO: Board of Directors
FROM: Kate Rees, Interim General Manager KR
RE: Lauro Dam SOD Repayment Agreement

Recommendation:

That the General Manager meet with Kirk Rodgers, Reclamation Mid-Pacific Regional Director, to request that the original basis for negotiation for the Lauro SOD Repayment Agreement be honored, and that the contract be executed with no changes to the existing contract terms.

Discussion:

Recently two issues have surfaced regarding the Lauro Safety of Dams (SOD) Repayment Agreement. The first issue dealt with COMB's commitment to repay 15% of the total cost. John Davis, Deputy Regional Director, wanted to strengthen the language in the contract to assure that COMB would pay 15% of the total cost without further negotiation if the cost exceeded the \$17 million appropriated by Congress. Because the project has been substantially completed with an estimated total cost of about \$7 million, this has become a mute point.

The second issue relates to the basis of negotiation for the cost allocation between Irrigation use and M&I use. When the Lauro SOD Repayment Agreement was negotiated, the repayment obligation was allocated 50.72% to Irrigation uses and 49.28% to M&I uses. These were very close to the Bradbury Dam SOD Repayment Agreement allocations of 51.3% to Irrigation uses and 48.7% to M&I uses, and were based on historic Irrigation and M&I water use. Contract negotiations were carried out in 2005, and at its October 24, 2005 meeting, the COMB Board approved accepting Reclamation's proposed draft Repayment Agreement with the terms and conditions negotiated on April 26, 2005. Reclamation indicated that they would immediately proceed with contract execution once it was accepted by the COMB Board. The final contract language was forwarded electronically by Sheryl Carter, Reclamation Contract Specialist, and was approved by the COMB Board on March 27, 2006. However, to date, the final Lauro SOD Agreement has not been forwarded by the Regional Office, so has not been signed by COMB or Reclamation.

Based on other recent SOD repayment contracts that Reclamation has entered into, Reclamation is now of the opinion that the Lauro SOD Agreement needs to be updated by changing the repayment allocations to more accurately reflect how Cachuma water is being used and will be used throughout the term of the contract. When John Davis, Deputy Regional Director, reviewed the Lauro SOD contract a few months ago, he questioned the Irrigation/M&I allocation percentages that were negotiated because over the last five years, Cachuma water

ITEM # 6
PAGE 1

use has shifted to about 25% Irrigation and 75% M&I. (Our records confirm that this is correct.) Therefore, he thinks, and apparently Kirk Rodgers agrees, that the contract repayment terms need to more accurately reflect actual water use distribution between Irrigation and M&I. If the COMB Board agrees to the revised percentages, the repayment terms of the contract can be amended without further negotiation. If not, contract negotiations need to be reopened.

This was discussed among the Member Unit managers, and they requested that the financial impact of Reclamation's suggested change be evaluated. Attached is a spreadsheet with that information. Using an approximate interest rate of 4.75% (this was an estimated rate provided by Reclamation), the total cost increase for M&I would be about \$225,192 or; \$9,007 annually. The estimated Member Unit shares for this increased amount per year are shown on the spread sheet as well.

In an earlier exchange of correspondence between Kirk Rodgers (Oct. 5, 2005) and COMB (Nov. 4, 2005), Mr. Rodgers stated that the Lauro SOD Contract had been fully negotiated and agreed to by Reclamation representatives and COMB representatives, and that Reclamation was prepared to send a final version of the contract as negotiated for execution by COMB. COMB unanimously approved the form of contract, as negotiated on April 26, 2005, and authorized its execution.

Staff has not yet reached a recommendation regarding re-opening contract negotiations. I will continue to work with the Member Unit managers to evaluate the issues at hand, and will provide a recommendation at the October 23, 2006 meeting. However, I would recommend at this time that the Board authorize a meeting with Mr. Rodgers to request that Reclamation stand by its official position, taken less than a year ago, indicating that agreement has been reached and urging COMB's approval of the existing Repayment Agreement.

KR.COMB/admin/board memos/092506_lauro SOD repayment agrmt.mmo

ITEM # 6
PAGE 2

Lauro Dam SOD Repayment Comparison
 50 year repayment contract
 9/15/2006

Lauro Dam SOD Repayment	15% of costs	Percentage Split Allocation			Interest Rate	Total Interest
		Irrigation		M&I		
\$ 8,000,000	\$ 1,200,000	0.5072		0.4928	4.75%	\$ 431,473

Payments	Years 10 - 50	\$ 14,845	\$ 40,913	Years 1 - 25	\$ 1,022,833
					\$ 608,640
					<u>\$ 1,631,473</u>

Lauro Dam SOD Repayment	15% of costs	Percentage Split Allocation			Interest Rate	Total Interest
		Irrigation		M&I		
\$ 8,000,000	\$ 1,200,000	0.25		0.75	4.75%	\$ 656,665

Payments	Years 10 - 50	\$ 7,317	\$ 62,267	Years 1 - 25	\$ 1,556,665
					\$ 300,000
					<u>\$ 1,856,665</u>

Additional Cost \$ 225,192.35

* Note: \$225,192 is 19% of \$1,200,000 and 14% of \$1,631,473

		Over 25 years	Annual
GWD	40.41%	\$ 91,000.23	\$ 3,640.01
City	35.89%	\$ 80,821.53	\$ 3,232.86
Carp	12.20%	\$ 27,473.47	\$ 1,098.94
MWD	11.50%	\$ 25,897.12	\$ 1,035.88
	100.00%		
		\$ 225,192.35	\$ 9,007.69

ITEM # 6
 PAGE 3

Cachuma Operation & Maintenance Board
 Cachuma Project Member Units
 Actual Ag Water Usage
 Water Years 1997 - 2005

1997	Irrigation	M&I	Total	Percentage Irrigation	M&I
Goleta	2,786	5,481	8,267	35%	65%
SB City	-	7,499	7,499		
Montecito	600	2,200	2,800		
Carpinteria	2,581	664	3,245		
ID#1	2,651	-	2,651		
Total	8,619	15,843	24,462		

1998

Goleta	1,941	9,191	11,132	22%	78%
SB City	-	7,238	7,238		
Montecito	396	2,345	2,741		
Carpinteria	1,838	1,182	3,020		
ID#1	1,850	801	2,651		
Total	6,025	20,757	26,782		

1999

Goleta	2,729	10,693	13,422	27%	73%
SB City	-	5,631	5,631		
Montecito	523	2,213	2,736		
Carpinteria	2,251	1,775	4,026		
ID#1	2,226	425	2,651		
Total	7,728	20,738	28,466		

2000

Goleta	2,700	8,122	10,822	24%	76%
SB City	-	10,785	10,785		
Montecito	566	2,693	3,259		
Carpinteria	1,792	1,199	2,991		
ID#1	2,376	268	2,644		
Total	7,434	23,067	30,501		

2001

Goleta	2,330	10,800	13,130	23%	77%
SB City	-	5,961	5,961		
Montecito	373	2,601	2,974		
Carpinteria	1,743	1,807	3,550		
ID#1	2,031	476	2,507		
Total	6,477	21,645	28,122		

2002

Goleta	2,898	8,219	11,117
SB City	-	7,976	7,976
Montecito	480	2,447	2,927
Carpinteria	1,864	1,928	3,792
ID#1	2,188	463	2,651
Total	7,429	21,034	28,463

26% 74%

2003

Goleta	2,488	7,175	9,663
SB City	-	6,660	6,660
Montecito	486	1,972	2,458
Carpinteria	1,497	1,628	3,125
ID#1	1,927	724	2,651
Total	6,398	18,159	24,557

26% 74%

2004

Goleta	3,326	8,660	11,986
SB City	-	7,572	7,572
Montecito	605	2,668	3,273
Carpinteria	1,552	1,538	3,090
ID#1	2,586	65	2,651
Total	8,069	20,503	28,572

28% 72%

2005

Goleta	2,290	8,950	11,240
SB City	-	8,785	8,785
Montecito	400	2,454	2,854
Carpinteria	1,668	1,642	3,310
ID#1	1,864	491	2,355
Total	6,221	22,323	26,252

22% 78%

9 year average

26% 74%

CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

DATE: September 25, 2006
TO: Board of Directors
FROM: Kate Rees, Interim General Manager *KR*
RE: Lauro Debris Basin Rehabilitation Project

Recommendation:

Request to defer action on this item until the October 23, 2006 COMB Board meeting.

Discussion:

At the July 24, 2006 meeting, an Ad Hoc Committee was appointed to negotiate an equitable cost allocation for this project. The committee consisted of President Evans, Director Williams, Kevin Walsh and Steve Mack. The committee met and discussed the project issues, but could not reach a consensus recommendation regarding the cost allocation question. The only viable recommendation from the Ad Hoc Committee to the Board at its August 28th meeting was for staff to reevaluate the scope of the project to determine if a less costly method for enlarging and rehabilitating the debris basin could be found.

Staff met with Vern Williams of Flowers Engineering on September 7, 2006, and reviewed the original proposed project design and the estimates obtained for the project from three contractors in March 2005. At that time, Mr. Williams' direction was to design the project with the main goal being to maximize the storage capacity of Lauro Debris Basin. Mr. Williams informed us that the estimated cost at that time was actually \$1.3 million, rather than \$1.1 million, and although he had complete confidence in the estimated cost in 2005, all construction costs have risen sharply since then. Consequently, the 2005 cost estimate for the proposed project is no longer valid.

We discussed several components of the project that might be modified to cut costs, such as shortening the length of the turn around road and reducing the size of the underdrain system. Key structures, such as the new debris basin dam and the siphon structure at the back of the dam cannot be modified. We requested that Mr. Williams re-design the project accordingly and solicit new estimates. This work could not be completed by the September Board meeting. A revised conceptual design and cost estimate will be available for the October meeting.

CACHUMA OPERATION AND MAINTENANCE BOARD
MEMORANDUM

Date: September 11, 2006
To: Members of the Board of Directors
From: Brett Gray, Operations Supervisor *BG*

RE: Approval of Environmental Proposal for 2nd Pipeline Project from Science Applications International Corporation.

Recommended Action: Approval of Proposal from Science Applications International Corporation for the 2nd Pipeline Project.

Discussion: A Request for Proposals (RFP) for the environmental portion of the 2nd Pipeline Project on the Upper Reach of the South Coast Conduit (SCC) was sent to four selected companies in August. Three proposals were submitted and reviewed by a committee composed of Charles Hamilton, Bob Roebuck, Kate Rees, and Brett Gray. A Quality Based Selection process was used to review and evaluate the proposals. Through this process Science Applications International Corporation (SAIC) was the preferred choice to proceed with the environmental work on the 2nd Pipeline Project. When the cost portion of the proposals was reviewed the two top proposals were within \$2600 for similar scopes of work. It is the recommendation of staff that the Board approves the proposal from SAIC for the environmental work on the 2nd Pipeline Project of the SCC for the cost of \$115,567.