

**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 March 26, 2007

Approximate Start Time

3:30 P.M.

AGENDA

1. COMB CALL TO ORDER, ROLL CALL. (COMB Board of Directors.) *(1 minute)*.
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. *(15 minutes)*]
3. 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)*
4. CONSENT AGENDA. (For Board Action by Vote on One Motion Unless Member Requests Separate Consideration.) *(2 minutes)*
 - a. Minutes
 - February 26, 2007 Regular Board Meeting,
 - b. Investment of Funds
 - Financial Reports
 - Investment Reports
 - c. Payment of Claims
5. REPORTS FROM THE MANAGER. (For information.) *(10 minutes)*
 - a. Water Storage
 - b. Water Production & Use, SWP Accounting
 - c. Operations Report
 - d. 2006 Surcharge Accounting
 - e. **Verbal Report** - Cachuma Reservoir Current Conditions
 - f. Update on SWRCB Water Rights Fee Litigation

6. **VERBAL REPORT - LAURO DAM SAFETY OF DAMS REPAYMENT AGREEMENT.** (For information.) *(2 minutes)*
 - a. Status of Member Unit Ratification of Lauro Dam SOD Agreement and Approval of Allocation Agreement.
7. **VERBAL REPORT - RECLAMATION'S COMPREHENSIVE FACILITIES REVIEW OF CACHUMA PROJECT FACILITIES.** (For information.) *(5 minutes)*
8. **VERBAL REPORT – COMB/CCRB REORGANIZATION PROCESS.** (For information.) *(5 minutes)*
9. **PROPOSITION 50 AND PROPOSITION 84 INTEGRATED REGIONAL WATER MANAGEMENT PLAN ISSUES.** (See CCRB Item #6) (For information.) *(1 minute)*
10. **DIRECTORS' REQUEST FOR AGENDA ITEMS FOR NEXT MEETING.** *(5 minutes)*
11. **MEETING SCHEDULE.**
 - April 23, 2007 following CCRB at 2:15 P.M., COMB Office
 - Availability of Board Packages on CCRB-COMB Website www.ccrb-comb.org
 - COMB's 50th Anniversary Open House, May 17, 2007 from 2:00 P.M. – 5:00 P.M., COMB Office
12. **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, February 26, 2007

1. Call to Order, Roll Call

The meeting was called to order at 4:02 p.m. by President Chuck Evans, who chaired the meeting. Those in attendance were:

Directors present:

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

Others present:

Kate Rees	Chris Dahlstrom
Chip Wullbrandt	Steve Mack
Bill Hair	Gary Kvistad
David McDermott	Kevin Walsh
Janet Gingras	Bob Roebuck
Brett Gray	Greg Wilkinson (via phone)
Michelle Ouellette (via phone)	
Rob Almy (via phone)	

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 went into closed session at 4:03 p.m. Closed session ended at 4:34 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:

January 22, 2007 Regular Board Meeting

b. Investment Funds

Financial Report

Investment Report

c. Payment of Claims

Director Abel moved to approve the Consent Agenda, seconded by Director Williams. Motion carried, 7/1/0, Director Loudon abstained.

5. Reports from the Manager

a. Water Storage

The monthly report was included in the Board packet

b. Water Production & Use, SWP Accounting

The two monthly reports were included in the Board packet

c. Operations Report

The January 2007 report on operations from Brett Gray was included in the Board packet.

d. Cachuma Reservoir Current Conditions

Date 02/26/2007

Lake elevation	742.86
Storage	167,376 acre feet
Rain (for the month to date)	2.14 inches
Rain YTD (for the season to date)	3.41 inches
Fish Release-Hilton Creek	11.8 acre feet per day
Month to Date Fish Release	304.7 acre feet
Month to Date Spill	0.00 acre feet

e. 2006 Surcharge Account

Ms. Rees included in the board packet a table of the surcharge account from last years spill ending May 31, 2006. There has not been substantial rainfall this year to generate enough flow in the river to trigger a supplemental passage flow release; the water released this year has been target flows for passage and rearing. Of the 9,200 acre feet of surcharge, 4,963 acre feet remain in the surcharge account which will be carried over to the next year.

f. Conference Reports from December 2006-February 2007

Ms. Rees reported on several conferences she had attended during the last several months. At the fall ACWA Conference in December she was able to meet with

Kirk Rodgers and Michael Jackson to follow up with the Lauro SOD Repayment contract and the Renewal Master Contract interest rate. In January, Ms. Rees attended Reclamation's Water Users Conference. While at the conference she met with John Davis, Deputy Regional Director, to follow up and finalize discussion on the Lauro SOD Repayment Agreement and the Renewal Master Contract interest rate. Ms. Rees was also able to meet with Michael Jackson on a number of operation and maintenance items. In February, Ms. Rees attended the Reclamation Water Management Conference in Denver. This is an annual training conference for management, operation and maintenance staff. Ms. Rees attended various technical sessions plus several management sessions. She appreciated the chance to attend and gain additional knowledge that can be applied to COMB operations.

6. Capital Improvement Projects Update

a. Lauro Debris Basin Project

Brett Gray reported that the design work on the Lauro Debris Basin Project is in progress, and that the second filter test has been completed to determine what kind of filters are appropriate for the bottom of the debris basin. The environmental and permitting process is also being determined at this time. An environmental impact analysis for the debris basin was included in the Lauro Dam SOD Project NEPA compliance document, and many of the requirements were met at that time. A few additional requirements may need to be met such as a red-legged frog survey.

b. 2nd Pipeline Project

Mr. Gray reported that the Notice of Intent (NOI) for the 2nd Pipeline Project is currently being reviewed by Reclamation and should be submitted by the end of March. In house activities include the preparation of the Notice of Determination (NOD). In January, COMB staff, engineers, geologists, construction and environmental personnel walked the field to determine the most appropriate pipeline construction alignments. These alignments are currently being staked so that the environmental studies and survey's can be completed. Cushman Contracting submitted a preliminary quote just for the piping materials for the project; the estimated cost would be just over \$3 million.

Director Abel requested an agenda for the CIP Board Committee meeting, which is scheduled for Wednesday, February 28th.

7. Lauro Dam Safety of Dams Repayment Agreement

a. Proposed COMB Resolution No. 453 to Approve Allocation Agreement with SYR Water Conservation District, ID No. 1

At the January Board meeting, there was substantial discussion on the approval process for the Lauro Dam SOD Repayment Agreement. Ms. Rees noted that

because the repayment amount will likely be over \$1 million, there is a term in the COMB Joint Powers Agreement that any obligation over a million dollars should be ratified by the individual Member Units. Another discussion was how to assure ID No. 1 that they would not be responsible for any of the repayment costs for the project. The managers and attorneys have met and agreed that it would be appropriate for the Member Unit boards to approve the Allocation Agreement proposed by ID No. 1, which provides this assurance. Resolution No. 453 was presented to the COMB Board for adoption to authorize COMB to approve the Allocation Agreement.

Director Loudon moved to adopt Resolution No. 453, seconded by Director Williams. A roll call vote was taken, passed 7/0/0.

b. Status of Member Units' Ratification of Lauro Dam SOD Repayment Agreement and Approval of Allocation Agreement

It was reported that ID No. 1 had approved ratification of the Lauro Dam SOD Repayment Agreement and the Allocation Agreement. The other Member Units will place this item on their Board agendas in March. .

8. Update on Integrated Regional Water Management Plan (IRWMP) and SWRCB Decision on Proposition 50 Round 2 Funding

Ms. Rees reported that the IRWMP partners have received a copy of two internal administrative drafts of the IRWMP. Staff provided comments to the consultants on both internal drafts; County staff will include the updated information in the public draft Plan.

The agendas and minutes of previous meetings were included in the board packet. A topic to be discussed at the IRWMP meeting on February 27th will be how to address the State Water Resources Control Board (SWRCB) recent decision to award additional Proposition 50 funding to those agencies who were not funded from Round 1, but whose IRWMP's scored very high. Rob Almy, Manager, Santa Barbara County Water Agency joined the COMB meeting via phone to provide background information and to report on recent developments. In November 2004, the Department of Water Resources (DWR) and SWRCB issued Proposition 50 guidelines establishing two funding cycles, each with open competition for the IRWMP Implementation Grants funds. The recent evaluation of DWR and SWRCB of funding additional Round 1 proposals using funds designated for Round 2 of the Proposition 50 Implementation Grants process is of significant concern. SWRCB has postponed its decision on this proposal to its March 20, 2007 Board meeting. Letters from COMB, CCRB and ID #1 were included in the board packet, urging DWR and SWRCB to maintain the Proposition 50 Round 2 funding process.

9. Meeting Schedule

March 26, 2007, is the next regular COMB Board meeting following the 2:15 P.M. CCRB Board meeting, at the COMB office.

10. COMB Adjournment

There being no further business, the meeting was adjourned at 5:19 p.m.

Respectfully submitted,

Kate Rees, Secretary of the Board

APPROVED:

Chuck Evans, President

sec.comb/boardminutes/02.26.07COMB Minutes.doc

Approved _____

Unapproved _____ ✓

comb2
Balance Sheet
 As of February 28, 2007

	Feb 28, 07
ASSETS	
Current Assets	
Checking/Savings	
1050 · GENERAL FUND	56,352.68
1100 · REVOLVING FUND	1,822.45
TRUST FUNDS	
1220 · RENEWAL FUND	5,307.88
1210 · WARREN ACT TRUST FUND	38,160.69
Total TRUST FUNDS	43,468.57
Total Checking/Savings	101,643.70
Other Current Assets	
1010 · PETTY CASH	400.00
1200 · LAIF	962,589.55
1300 · DUE FROM CCRB	53,557.77
1302 · ASSESSMENTS RECEIVABLE-CARP	86,414.16
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	1,168,466.20
Total Current Assets	1,270,109.90
Fixed Assets	
1500 · VEHICLES	241,943.65
1505 · OFFICE FURN & EQUIPMENT	102,547.22
1510 · TRAILERS	97,803.34
1515 · FIELD EQUIPMENT	305,473.34
1525 · PAVING	22,350.00
1550 · ACCUMULATED DEPRECIATION	-527,362.02
Total Fixed Assets	242,755.53
Other Assets	
1910 · LT SOD Act Assess Receivable	6,423,143.07
Total Other Assets	6,423,143.07
TOTAL ASSETS	7,936,008.50
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2200 · ACCOUNTS PAYABLE	55,825.91
Total Accounts Payable	55,825.91
Other Current Liabilities	
2550 · VACATION/SICK	61,815.80
2561 · BRADBURY DAM SOD ACT	49,902.00
2562 · SWRCB-WATER RIGHTS FEE	0.76
2590 · DEFERRED REVENUE	43,468.57
Payroll-DepPrm Admin	15.00
Payroll-DepPrm Ops	4.62
Total Other Current Liabilities	155,206.75
Total Current Liabilities	211,032.66
Long Term Liabilities	
2603 · LT SOD Act Liability - Lauro	660,000.00
2600 · Lease Obligation Payable	29,810.84
2601 · Note Payable SBB&T	86,414.16
2602 · SOD Act Liability-Long Term	5,763,143.07
Total Long Term Liabilities	6,539,368.07
Total Liabilities	6,750,400.73

12:35 PM
03/21/07
Accrual Basis

comb2
Balance Sheet
As of February 28, 2007

	<u>Feb 28, 07</u>
Equity	
3000 · Opening Bal Equity	0.95
3901 · Retained Earnings	785,863.52
Net Income	<u>399,743.30</u>
Total Equity	<u>1,185,607.77</u>
TOTAL LIABILITIES & EQUITY	<u><u>7,936,008.50</u></u>

comb2
Profit & Loss Budget vs. Actual
 July 2006 through February 2007

3:06 PM
 03/20/07
 Accrual Basis

	Jul '06 - Feb 07	Budget	\$ Over Budget	% of Budget
Income				
3000 REVENUE				
3001 · O&M Budget	1,613,821.00			
3003 · Assessment Revenue-Carp	1,938.66			
3010 · Interest Income	30,668.20			
3020 · Misc Income	0.00			
Total 3000 REVENUE	1,646,627.86			
Total Income	1,646,627.86			
Gross Profit				
Expense				
4000 · Reconciliation Discrepancies	-0.50			
void	0.00			
3100 LABOR				
3150 · Health & Workers Comp	85,029.92	141,391.00	-56,361.08	60.1%
3155 · PERS	44,213.88	69,869.00	-25,655.12	63.3%
3160 · Payroll Comp FICA Ops	19,220.55	30,449.70	-11,229.15	63.1%
3165 · Payroll Comp MCARE Ops	4,553.74	7,121.30	-2,567.56	63.9%
3100 LABOR - Other	0.00	456,501.00	-456,501.00	0.0%
Total 3100 LABOR	431,352.90	705,332.00	-273,979.10	61.2%
3200 VEH & EQUIPMENT				
3201 · Vehicle/Equip Mtce	16,024.48	30,000.00	-13,975.52	53.4%
3202 · Fixed Capital	2,490.82	50,000.00	-47,509.18	5.0%
3203 · Equipment Rental	13,050.03	23,000.00	-9,949.97	56.7%
3204 · Miscellaneous	8,115.20	15,000.00	-6,884.80	54.1%
Total 3200 VEH & EQUIPMENT	39,680.53	118,000.00	-78,319.47	33.6%
3300 · CONTRACT LABOR				
3301 · Conduit, Meter, Valve & Misc	2,073.12	10,000.00	-7,926.88	20.7%
3302 · Buildings & Roads	13,774.86	15,000.00	-1,225.14	91.8%
3303 · Reservoirs	33,544.27	50,000.00	-16,455.73	67.1%
3304 · Engineering, Misc Services	7,022.13	20,000.00	-12,977.87	35.1%
Total 3300 · CONTRACT LABOR	56,414.38	95,000.00	-38,585.62	59.4%
3400 · MATERIALS & SUPPLIES				
3401 · Conduit, Meter, Valve & Misc	9,799.68	20,000.00	-10,200.32	49.0%
3402 · Buildings & Roads	6,688.75	20,000.00	-11,311.25	43.4%
3403 · Reservoirs	788.68	10,000.00	-9,211.32	7.9%

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Profit & Loss Budget vs. Actual
 July 2006 through February 2007

	TOTAL		
	Jul '06 - Feb 07	Budget	% of Budget
Total 3400 · MATERIALS & SUPPLIES	19,277.11	50,000.00	38.6%
3500 · OTHER EXPENSES			
3501 · Utilities	2,222.95	6,300.00	35.3%
3502 · Uniforms	2,974.35	6,500.00	45.8%
3503 · Communications	16,059.77	18,190.00	88.3%
3504 · USA & Other Services	1,736.99	4,000.00	43.4%
3505 · Miscellaneous	3,112.62	6,000.00	51.9%
3506 · Training	2,284.37	7,000.00	32.8%
Total 3500 · OTHER EXPENSES	28,401.05	47,990.00	59.2%
4999 · GENERAL & ADMINISTRATIVE			
5000 · Director Fees			
5001 · Director Mileage	540.19	856.00	63.1%
5000 · Director Fees - Other	6,656.00	9,984.00	66.7%
Total 5000 · Director Fees	7,196.19	10,840.00	66.4%
5100 · Legal	38,624.28	72,000.00	53.6%
5101-1 · Audit	9,175.00	20,000.00	45.9%
5150 · Unemployment Tax	0.00	6,500.00	0.0%
5200 · Liability Insurance	32,759.00	38,000.00	86.2%
5201 · Health & Workers Comp	37,381.87	47,398.00	78.9%
5250 · PERS	18,539.66	28,632.00	64.8%
5260 · Comp FICA Admin	7,034.77	12,156.05	57.9%
5265 · Comp MCARE Admin	1,803.09	2,842.95	63.4%
5300 · Manager Salary	27,003.98	42,993.00	62.8%
5301 · Administrative Manager	50,350.03	77,615.00	64.9%
5306 · Administrative Assistant	33,634.16	51,441.00	65.4%
5310 · Postage/Office Exp	3,476.72	9,000.00	38.6%
5311 · Office Equip/Leases	3,283.90	5,750.00	57.1%
5312 · Misc Admin Expenses	10,327.94	10,000.00	103.3%
5313 · Communications	7,902.87	5,000.00	158.1%
5314 · Utilities	3,792.69	5,300.00	71.6%
5315 · Membership Dues	4,950.85	6,150.00	80.5%
5316 · Admin Fixed Assets	5,303.39	7,000.00	75.8%
5320 · Admin Facilitator Consultant	24,543.75	27,700.00	88.6%
5325 · Emp Training/Subscriptions	1,526.67	4,500.00	33.9%
5330 · Admin Travel/Conferences	4,325.57	5,000.00	86.5%
5331 · Public Information	87.15	2,000.00	4.4%
5332 · Transportation	144.06	1,200.00	12.0%
Total 4999 · GENERAL & ADMINISTRATIVE	333,167.59	499,019.00	66.8%
5510 · Integrated Reg. Water Mgt Plan	5,123.34	10,000.00	51.2%
6000 · SPECIAL PROJECTS			
6062 · SCADA	11,624.18	60,000.00	19.4%
6090-1 · COMB Bldg/Grounds Repair	55,975.80	50,000.00	112.0%

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12:37 PM

03/21/07

Accrual Basis

comb2
Profit & Loss Budget vs. Actual
 July 2006 through February 2007

	TOTAL		
	Jul '06 - Feb 07	Budget	% of Budget
6092 · SCC Improv Plan & Design	47,483.95	300,000.00	15.8%
6095 · SCC Valve & Cntrl Sta Rehab	48,201.42	600,000.00	8.0%
6095-1 · Lauro Debris Basin Rehab	3,604.15	0.00	100.0%
6096 · SCC Structure Rehabilitation	55,886.01	400,000.00	14.0%
6097 · GIS and Mapping	25,667.78	100,000.00	25.7%
Total 6000 · SPECIAL PROJECTS	248,463.29	1,510,000.00	16.5%
6400 · STORM DAMAGE			
6401 · Storm Damage 2005	6,856.00	100,000.00	6.9%
Total 6400 · STORM DAMAGE	6,856.00	100,000.00	6.9%
7000 · LEGAL & LITIGATION			
7002 · Spec Counsel-FMP-BO EISR	76,348.34	100,000.00	76.3%
Total 7000 · LEGAL & LITIGATION	76,348.34	100,000.00	76.3%
7006 · INTEREST EXPENSE	1,800.87		
PAYROLL			
Gross	-0.41		
Gross-CCRB	0.07		
Total PAYROLL	-0.34		
Total Expense	399,743.30	3,235,341.00	38.5%
Net Income	3,635,084.30	-3,235,341.00	-12.4%

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OFFICE OF THE TREASURER

SACRAMENTO

Local Agency Investment Fund
 PO Box 942809
 Sacramento, CA 94209-0001
 (916) 653-3001
 www.treasurer.ca.gov/pmia-laif



February, 2007 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
02-02-2007	02-01-2007	RW	1109324	KATHLEEN REES	- 195,000.00
02-13-2007	02-13-2007	RW	1110346	KATHLEEN REES	- 15,000.00
02-15-2007	02-14-2007	RW	1110553	KATHLEEN REES	- 15,000.00

Account Summary

Total Deposit :	0.00	Beginning Balance :	1,187,589.55
Total Withdrawal :	- 225,000.00	Ending Balance :	962,589.55

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 February, 2007, 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

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P.O. BOX 1098
NORTHRIDGE, CA 91328-1098

This Statement Covers
From: 02/01/07
Through: 02/28/07

Need assistance?
To reach us anytime,
call 1-800-788-7000
or visit us at wamu.com

CACHUMA OPERATION AND MAINTENANCE BOARD
3301 LAUREL CANYON RD
SANTA BARBARA CA 93105-2017



Enclosed is important information about changes that may affect your Washington Mutual accounts and services.
For questions, visit your Financial Center or call 1-800-788-7000.

Your Guaranteed Great Rate Money Market Detail Information

CACHUMA OPERATION AND MAINTENANCE BOARD

Account Number: 871-849343-4
Washington Mutual Bank, FA

Your Account at a Glance

Beginning Balance	\$5,303.45
Checks Paid	\$0.00
Other Withdrawals	\$0.00
Deposits	+\$4.43
Ending Balance	\$5,307.88

Interest Earned	\$4.43
Annual Percentage Yield Earned	1.09%
YTD Interest Paid	\$9.58
YTD Interest Withheld	\$0.00

Date	Description	Withdrawals (-)	Deposits (+)
02/28	Interest Payment		\$4.43

MEMO TO: Board of Directors
Cachuma Operation & Maintenance Board

FROM: Kathleen Rees, Secretary

SUBJECT: COMB INVESTMENT POLICY

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Kathleen Rees
Secretary

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P.O. BOX 1098
NORTHRIDGE, CA 91328-1098

This Statement Covers

From: 02/01/07
Through: 02/28/07

CACHUMA OPERATION AND MAINTENANCE BOARD
TRUST FUND
3301 LAUREL CANYON RD
SANTA BARBARA CA 93105-2017

161850



Need assistance?
To reach us anytime,
call 1-800-788-7000
or visit us at wamu.com

Enclosed is important information about changes that may affect your Washington Mutual accounts and services.
For questions, visit your Financial Center or call 1-800-788-7000.

Your Guaranteed Great Rate Money Market Detail Information

CACHUMA OPERATION AND MAINTENANCE BOARD **Account Number: 871-849358-3**
TRUST FUND **Washington Mutual Bank, FA**

Your Account at a Glance

Beginning Balance	\$38,103.35	Interest Earned	\$57.34
Checks Paid	\$0.00	Annual Percentage Yield Earned	1.98%
Other Withdrawals	\$0.00	YTD Interest Paid	\$119.61
Deposits	+\$57.34	YTD Interest Withheld	\$0.00
Ending Balance	\$38,160.69		

Date	Description	Withdrawals (-)	Deposits (+)
02/28	Interest Payment		\$57.34

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 February 2007, 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 Washington Mutual Bank investments of this agency for the period indicated.

Kathleen Rees
Secretary

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Payment of Claims
 As of February 28, 2007

Date	Num	Name	Memo	Split	Amount
1050 · GENERAL FUND					
2/2/2007	15791	Acorn Landscape Manage...	Monthly mtce	2200 · ACC...	-246.65
2/2/2007	15792	ACWA Services Corporati...	Feb EAP	2200 · ACC...	-47.46
2/2/2007	15793	Alexander Hamilton Institu...	Personnel Legal Alert 3/19/07-3/0...	2200 · ACC...	-159.24
2/2/2007	15794	American Water Works As...	Member dues 5/1/07-4/30/08 #00...	2200 · ACC...	-173.00
2/2/2007	15795	AT&T	Jan 27, 2006 statement	2200 · ACC...	-179.07
2/2/2007	15796	BEC Electric Contractors		2200 · ACC...	-4,435.85
2/2/2007	15797	Ben Meadows Company	CCRB-leveling rod/secchi disk-fis...	2200 · ACC...	-222.78
2/2/2007	15798	Boyle Engineering Corp.		2200 · ACC...	-13,404.95
2/2/2007	15799	C. Charles Evans	1/22 Reg mtg	2200 · ACC...	-132.85
2/2/2007	15800	CDW Government, Inc.		2200 · ACC...	-2,016.54
2/2/2007	15801	CIO Solutions, Inc.		2200 · ACC...	-2,666.25
2/2/2007	15802	COMB-Petty Cash	Replenish petty cash	2200 · ACC...	-192.03
2/2/2007	15803	COMB - Revolving Fund	Feb 9 & 23, 2007 payrolls/taxes	2200 · ACC...	-101,389.08
2/2/2007	15804	Das Williams	1/22 Reg mtg	2200 · ACC...	-132.02
2/2/2007	15805	Dell Marketing L.P.		2200 · ACC...	-4,261.49
2/2/2007	15806	Draganchuk Alarm Systems	Service call	2200 · ACC...	-79.00
2/2/2007	15807	ECHO Communications	Answering service	2200 · ACC...	-62.40
2/2/2007	15808	Federal Express	CCRB Mailings	2200 · ACC...	-13.42
2/2/2007	15809	Flowers & Associates, Inc.	Dec chrgs Lauro Res Debris Basi...	2200 · ACC...	-1,062.36
2/2/2007	15810	Intuit, Inc.	COMB Gen Fund checks (Qty 500)	2200 · ACC...	-112.59
2/2/2007	15811	J&C Services	1/5,12,19,26 office cleaning	2200 · ACC...	-500.00
2/2/2007	15812	Jan Abel	1/22 Reg mtg	2200 · ACC...	-137.70
2/2/2007	15813	Lee F. Bettencourt	1/22 Reg mtg	2200 · ACC...	-155.50
2/2/2007	15814	Macro Automatics Corpor...	PLC programming for Carp Res	2200 · ACC...	-625.50
2/2/2007	15815	MarBorg Industries		2200 · ACC...	-257.05
2/2/2007	15816	McMaster-Carr Supply Co.	Milling bit PO#8700	2200 · ACC...	-41.52
2/2/2007	15817	Nextel Communications	Cellular 12/19/06-1/18/07	2200 · ACC...	-315.30
2/2/2007	15818	Northern Safety Co. Inc.	Organic vapor/lens protector PO#...	2200 · ACC...	-371.34
2/2/2007	15819	PG&E		2200 · ACC...	-155.23
2/2/2007	15820	Powell Garage	Service-2000A Chevy	2200 · ACC...	-2,300.14
2/2/2007	15821	Praxair Distribution		2200 · ACC...	-318.22
2/2/2007	15822	Prudential Overall Supply		2200 · ACC...	-378.50
2/2/2007	15823	Robert Lieberknecht	1/22 Reg mtg	2200 · ACC...	-141.72
2/2/2007	15824	Rockhurst University	OSHA Seminar-BG	2200 · ACC...	-199.00
2/2/2007	15825	Santa Barbara Police Dep...	Renewal-Security Alarm Reg#6439	2200 · ACC...	-20.00
2/2/2007	15826	Science Applications Inter...		2200 · ACC...	-3,040.00
2/2/2007	15827	Sound Billing LLC		2200 · ACC...	-198.72
2/2/2007	15828	Specialty Tool, LTD		2200 · ACC...	-163.47
2/2/2007	15829	State Compensation Insur...	Payroll report-Jan 2007	2200 · ACC...	-3,075.60
2/2/2007	15830	Verizon Wireless	Cellular	2200 · ACC...	-174.17
2/12/2007	15831	Aspen Publishers, Inc.	Ca Employers Guide 2007	2200 · ACC...	-104.27
2/12/2007	15832	Best, Best & Krieger, LLP	Crawford-Hall CEQA Jan 2007	2200 · ACC...	-7,803.88
2/12/2007	15833	Boyle Engineering Corp.	TO #21 12/30/06-1/26/07	2200 · ACC...	-2,192.79
2/12/2007	15834	Butera's		2200 · ACC...	-368.12
2/12/2007	15835	CIO Solutions, Inc.	Install cable-new phone system	2200 · ACC...	-579.00
2/12/2007	15836	City of Santa Barbara-Cen...	Gloves/safety glass/goggles	2200 · ACC...	-218.55
2/12/2007	15837	City of SB-Refuse		2200 · ACC...	-155.74
2/12/2007	15838	Culligan Water	RO system Feb	2200 · ACC...	-20.95
2/12/2007	15839	Fleet Fueling	Fuel/fuel cards	2200 · ACC...	-1,739.00
2/12/2007	15840	GE Capital	Copier lease Billing ID#90133603...	2200 · ACC...	-427.77
2/12/2007	15841	Home Depot Credit Services		2200 · ACC...	-78.01
2/12/2007	15842	ITS-Industrial Training Ser...	Backhoe/loader/dump trucks oper...	2200 · ACC...	-870.00
2/12/2007	15843	Milpas Rental	CCRB generator rental	2200 · ACC...	-46.01
2/12/2007	15844	Orchard Supply Hardware		2200 · ACC...	-714.24
2/12/2007	15845	Paychex, Inc.	1/12,26/07 payrolls/taxes/w-2/qtr ...	2200 · ACC...	-372.87
2/12/2007	15846	Praxair Distribution	Cylinder rental	2200 · ACC...	-122.78
2/12/2007	15847	Republic Elevator	Scheduled mtce	2200 · ACC...	-220.69
2/12/2007	15848	Sansum-SBMFC Occupati...	Pre-employment physical-J.O'Don...	2200 · ACC...	-209.00
2/12/2007	15849	Southern California Edison		2200 · ACC...	-1,240.47
2/12/2007	15850	Specialty Tool, LTD	Drill bit	2200 · ACC...	-8.84
2/12/2007	15851	Staples Credit Plan	Ofc supplies	2200 · ACC...	-1,123.08

12:36 PM
03/21/07
Accrual Basis

comb2
Payment of Claims
As of February 28, 2007

Date	Num	Name	Memo	Split	Amount
2/12/2007	15852	Underground Service Alert	52 new tickets	2200 · ACC...	-83.20
2/12/2007	15853	Western Welding	Flat-square bar/angle/tubing	2200 · ACC...	-13.11
2/12/2007	15854	Action Mobile Auto Glass	New windshield for 06 Ranger-Ma...	2200 · ACC...	-257.52
2/12/2007	15855	ACWA Services Corp. (AS...	Cov period 3/1-4/1/07	2200 · ACC...	-9,821.29
2/12/2007	15856	Caterpillar Financial Servi...	Backhoe lease Contract #001-025...	2200 · ACC...	-1,294.06
2/12/2007	15857	CIO Solutions, Inc.	General services/support	2200 · ACC...	-2,131.25
2/12/2007	15858	Nordman, Cormany, Hair ...	Gen Counsel Jan services	2200 · ACC...	-4,397.27
2/12/2007	15859	Southwest Services	Calibration-GW,GATO, NP flow m...	2200 · ACC...	-441.75
2/12/2007	15860	Verizon California		2200 · ACC...	-349.05
2/15/2007	15861	Challenge Asphalt	Lauro paving	2200 · ACC...	-29,180.00
2/15/2007	15862	Idris Hepp Painting	Painting mobile offices	2200 · ACC...	-11,340.00
2/15/2007	15863	J&C Services	2/2,9 office cleaning	2200 · ACC...	-250.00
2/15/2007	15864	Science Applications Inter...	Env. services-SCC/Goleta Reach ...	2200 · ACC...	-1,426.25
2/15/2007	15865	Specialty Crane & Rigging...	Remove old gate L-9 lateral rehab	2200 · ACC...	-532.12
2/20/2007	15866	Prudential Overall Supply		2200 · ACC...	-296.62
2/20/2007	15867	Purchase Power	Ink cartridge	2200 · ACC...	-100.72
2/20/2007	15868	Rockhurst University	OSHA Seminar-AC/FB	2200 · ACC...	-398.00
2/20/2007	15870	The Gas Company	Gas-main office	2200 · ACC...	-82.45
2/20/2007	15871	Verizon California	SCADA	2200 · ACC...	-516.99
2/21/2007	15872	Janet Gingras	Reimb-meals/parking-for seminar	2200 · ACC...	-91.05
Total 1050 · GENERAL FUND					-225,176.47
TOTAL					-225,176.47

CACHUMA OPERATION AND MAINTENANCE BOARD WATER STORAGE REPORT

MONTH: **February 2007**

GLEN ANNIE RESERVOIR

Capacity at 385' elevation:	518 Acre Feet
Capacity at sill of intake at 334' elevation:	21 Acre Feet
Stage of Reservoir Elevation	349.00 Feet
Water in Storage	101.64 Acre Feet

LAURO RESERVOIR

Capacity at 549' elevation:	600 Acre Feet
Capacity at sill of intake at 512' elevation:	84.39 Acre Feet
Stage of Reservoir Elevation	545.10 Feet
Water in Storage	511.86 Acre Feet

ORTEGA RESERVOIR

Capacity at 460' elevation:	OUT OF SERVICE	65 Acre Feet
Capacity at outlet at elevation 440':		0 Acre Feet
Stage of Reservoir Elevation		0.00 Feet
Water in Storage		0.00 Acre Feet

CARPINTERIA RESERVOIR

Capacity at 384' elevation:	45 Acre Feet
Capacity at outlet elevation 362':	0 Acre Feet
Stage of Reservoir Elevation	374.90 Feet
Water in Storage	23.28 Acre Feet

TOTAL STORAGE IN RESERVOIRS

Change in Storage	-14.46 Acre Feet
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CACHUMA RESERVOIR

Capacity at 750' elevation:	188,030 Acre Feet
Capacity at sill of tunnel 660' elevation:	26,109 Acre Feet

Stage of Reservoir Elevation	742.88 Feet
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Water in Storage	167,431 AF
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Area	2,775
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Evaporation	483.7 AF
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Inflow	760.6 AF
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Downstream Release WR8918	0 AF
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Fish Release	328.4 AF
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Spill/Seismic Release	0 AF
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State Project Water	0 AF
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Change in Storage	-605 AF
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Tecolote Diversion	1,261.2 AF
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Rainfall: Month: 3.03 Season: 6.28 Percent of Normal: 42%

06-07 ENTITLEMENT

**CACHUMA OPERATION AND MAINTENANCE BOARD
WATER PRODUCTION AND WATER USE REPORT
FOR THE MONTH OF FEBRUARY 2007 AND THE WATER YEAR TO DATE**

(All in rounded Acre Feet)

			MONTH TOTAL			YTD TOTAL
WATER PRODUCTION:						
Cachuma Lake (Tec. Diversion)			1,261			10,795
Tecolote Tunnel Infiltration			76			757
Glen Anne Reservoir			0			0
Cachuma Lake (County Park)			2			17
State Water Diversion Credit			0			206
Gibraltar Diversion Credit			0			0
Bishop Ranch Diversion			0			0
Meter Reads			1,297			10,660
So. Coast Storage gain/(loss)			(14)			(82)
Total Production			1,339			11,569
Total Deliveries			1,283			10,784
Unaccounted-for			56			785
% Unaccounted-for			4.19%			6.79%
	GWD	SB CITY	MWD	CVWD	SYRWCD I.D. #1	TOTAL
WATER USE:						
M&I	488	517	107	70	2	1,184
Agricultural	67	0	6	40	0	113
TOTAL FOR MONTH	555	517	113	110	2	1,297
Same Mo/prev. yr	813	542	247	169	7	1,778
M&I Yr to date	4,121	3,074	1,224	536	16	8,971
Ag. Yr to date	1,033	0	161	491	0	1,685
TOTAL YTD	5,154	3,074	1,385	1,027	16	10,656
USAGE % YTD	36.7%	21.0%	40.6%	22.5%	0.7%	27.2%
Previous Year/YTD	4,239	2,215	1,226	1,053	24	8,757
Evaporation	1	14	0	3	0	18
Evaporation, YTD	58	114	6	28	0	206
Entitlement	9,322	8,277	2,651	2,813	2,651	25,714
Carryover	4,884	6,790	715	1,836	0	14,225
Carryover Balances Spilled YTD	0	0	0	0	0	0
Surplus^^	0	0	0	0	0	0
State Water Exchange^	94	64	64	42	(264)	0
Transfers*/Adjustment***	(90)	90	0	0	0	0
Passthrough H2O**	0	(30)	0	0	0	(30)
TOTAL AVAILABLE	14,209	15,191	3,430	4,691	2,387	39,909
REMAINING BALANCE	8,998	12,003	2,039	3,636	2,371	29,047

* GWD transferred 90.18 AF to City of Santa Barbara for LCMWC agreement.
 ** City relinquished 6 AF per "Passthrough" agrmt for February 2007 (No Passthrough during spill conditions).
 State Water Deliveries for February to Lake Cachuma were MWD 0 AF; CVWD 0 AF
 GWD 0 AF (Morehart 0 AF); City of S.B. 0 AF; and LaCumbre 7 AF; (Ratheon 0 AF).
 ^ Per SWP Exchange Agrmt GWD received 0 AF; MWD received 0;
 City of SB received 0 AF; and CVWD received 0 AF from ID#1 in February 2007.

PERCENT OF WATER YEAR ELAPSED: 41.7%

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

MONTH	DELVRD TO LAKE	CVWD		Transf		MWD		Transf		S.B.		GWD		LCMWC		Delvd to SC		RSYS		Delvd to SC		MLC		
		Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	
2006																								
Bal. Frwd		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	111	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	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	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	0	0	0	0	0	0	0	0	0
June	60	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July	121	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	111	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	106	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0
Total	759	0	0	0	0	0	0	0	0	0	0	0	0	0	704	0	799	0	55	0	55	0	0	0

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

MONTH	DELVRD TO LAKE	CVWD		Transf		MWD		Transf		S.B.		GWD		LCMWC		Delvd to SC		RSYS		Delvd to SC		MLC		
		Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	Delvd to Lake	Delvd to SC	
2007																								
Bal. Frwd		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
January	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
February	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
March	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	
May	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	
July	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	
September	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	
November	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	
Total	7	0	0	0	0	0	0	0	0	0	0	0	0	7	0	7	0	0	0	0	0	0	0	0

Operations Report – February 2007

Cachuma Project water usage for the month of February 2007 was 1,297 acre-feet, compared with 1,778 acre-feet for the same period in 2006. Cachuma Project water use for the 12 months ending 28 February 2007 was 25,747 acre-feet, compared with 28,317 acre-feet for the 12 months ending 28 February 2006.

The average flow from Lake Cachuma into the Tecolote Tunnel was 45 acre-feet per day. Lake elevation was 743.10 feet at the beginning of the month and 742.88 feet at the end. Recorded rainfall at Bradbury Dam was 3.03 inches for the month and 6.28 inches for the rainfall season, which commenced on July 1, 2006.

Santa Barbara wheeled 295 acre-feet of Gibraltar water through Lauro Reservoir during the month. 7 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 cleanup from the shutdowns and work in January. No more shutdowns or full structures are planned this season. Miscellaneous work is still required on many of these structures. Miscellaneous work includes painting the hatches, ladder replacement, confined space signs, structure numbers, riser piping, and discharge piping. Much of this work is scheduled for completion this summer.

Miscellaneous work completed this month includes:

- Potholing on the SCC was conducted by Cal Trans and supervised by COMB staff for the Foothill Relocation Project.
- Work continued on the Lauro Drain Project.
- Backhoe and Loader safety training was attended by Scott Selleck and Shawn O'Callahan.
- All sites were checked after the rains and cleaned up as required.
- Work continued on the COMB GIS system.
- Design started on a new flow meter in the Carpinteria area of the SCC.
- New battery backup systems were installed on the phone system and SCADA system to give both one hour run times during power outages.

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

ITEM # 5c

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CACHUMA RESERVOIR

DISPOSITION OF 2006 SURCHARGE WATER "FISH ACCOUNT" (UNOFFICIAL)

DATE	DESCRIPTION	AMOUNT (acre feet)	SURCHARGE BALANCE (acre feet)
5/31/2006	End of Spill Surcharge	9,200	9,200
6/30/2006	June Fish Release	605	8,595
7/31/2006	July " "	620	7,975
8/31/2006	August " "	613	7,362
9/30/2006	September " "	596	6,766
10/31/2006	October " "	409	6,357
11/30/2006	November " "	354	6,003
12/31/2006	December " "	360	5,643
1/31/2007	January " "	352	5,291
2/28/2007	February " "	328	4,963
3/31/2007	March " " projected	374	4,589 projected
4/30/2007	April " "	400	4,189
	TOTAL		9,200

kr\comb\cachuma 2006 surcharge account 033107

FEBRUARY 2007

Third District Court of Appeal Decision in Water Right Fee Litigation: *California Farm Bureau Federation, et al., v. State Water Resources Control Board.*

Litigation Status

Each year since the State Water Board first adopted emergency water right fee regulations in 2003, the Northern California Water Association and the Central Valley Project Water Association (co-plaintiffs hereafter referred to as "NCWA-CVPWA"), and the California Farm Bureau Federation (Farm Bureau) have sued the State Water Board and the State Board of Equalization over the water right fees. The plaintiffs allege, in part, that the fee legislation and the State Water Board's fee regulations are unconstitutional and invalid. The case went to trial in 2005, and the resulting trial court decision upheld the State Water Board's fees in their entirety. In January 2007 the Third District Court of Appeal (Appellate Court) issued a decision regarding the fees that the State Water Board adopted in Fiscal Year (FY) 2003-2004. The Appellate Court's decision partially overturns the trial court's 2005 decision. Activity on the litigation filed in subsequent years has been stayed pending the outcome of the litigation over the FY 2003-2004 fees.

Background

The State Water Board set the fees by regulation as required under a statute enacted by the Legislature in 2003. The Legislature anticipated that the federal government, and all others who claim sovereign immunity from State fees, might refuse to pay the water right fees. The Legislature thus incorporated into the statute the State Water Board's authority to pass through the fees to those who contract for water supply under a federally held water right. The Appellate Court upheld the fee statute in its entirety, including the "pass-through" provision, and rejected NCWA-CVPWA and Farm Bureau claims that the statute was unconstitutional and invalid. The Appellate Court, however, invalidated the State Water Board's regulations that establish the amount of annual fees that water right permit and license holders pay each year. The Appellate Court found that the State Water Board failed to adequately justify that the cost apportionment bore a fair or reasonable relationship to the fee payer's burdens on or benefits from the water right regulatory program. The Appellate Court invalidated the regulations that establish water right fees for the federal Central Valley Project's contractors and further concluded that the State Water Board was limited as to how much of the fees the Board could pass through to contractors. Nonetheless, the Appellate Court upheld the State Water Board's imposition of a minimum annual water right permit and license fee, and said that a minimum fee of \$100 "was not unreasonable."

Upon issuance of the Appellate Court's final decision (February 16, 2007 at the earliest), the State Water Board must adopt a new fee schedule for FY 2003-2004 within 180 days (August 15, 2007, at the earliest). The State Water Board also must determine, based on the revised fee schedule, whether it improperly assessed any fees in FY 2003-2004 and develop a formula for any refunds that may be due. The Appellate Court's remedy only authorizes those people who timely filed petitions for reconsideration with the State Water Board to be eligible for any such refunds. In sum, even though the Court requires the State Water Board to adopt new fee regulations, the State Water Board will continue to implement the existing statutory framework requiring the collection of fees.

Frequently Asked Question

1. Is this the final decision on the water right fees?

No. The Appellate Court's decision will not be final until February 16, 2007, at the earliest. Parties to the litigation may seek further review of the Appellate Court's decision.

2. Will the State Water Board continue to assess water right fees?

Yes. The Appellate Court upheld the statute that requires the State Water Board to collect water right fees. The Appellate Court, however, required the State Water Board to adopt a new fee schedule for FY 2003-2004 that reapportions the fees among various persons and programs such that they are consistent with the Appellate Court's ruling. The State Water Board will be focusing on that process in the upcoming months. At the same time, the State Water Board will begin developing a fee schedule for FY 2007-2008.

3. Will I get a refund of the fees I paid in FY 2003-2004 if I didn't file a petition for reconsideration?

The Appellate Court concluded that only people who filed a petition for reconsideration of the FY 2003-2004 fees are eligible to claim a refund.

4. If I filed a petition for reconsideration of the FY 2003-2004 fees, will I get a refund of the entire amount of fees that I paid?

Not necessarily. The Appellate Court's decision requires the State Water Board to determine the amount of fees that it improperly assessed and to establish a procedure for calculating refunds, if any, with 180 days of the Appellate Court's final decision. Accordingly, the State Water Board must adopt a new fee schedule and recalculate the fees before determining what refunds, if any, are due.

5. Will I get a refund of the fees I paid in subsequent years?

Once the State Water Board adopts a valid fee formula for FY 2003-2004, it will reevaluate the fee schedules for subsequent years. This process will take some time. It is unclear at this point when and if any refunds will be issued for the following years.

6. What is the deadline for petitioning for reconsideration of the annual fees assessed on December 19, 2006?

The deadline was January 18, 2007.

7. What effect will the Appellate Court's decision have on future fees?

Because the Appellate Court upheld the statute as constitutional, the primary impact on future fees of the Appellate Court's decision will be the reallocation among existing fee payers of the water right program costs that the Legislature decides each year should be fee-supported.

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March 19, 2007

Via Facsimile

Matthew J. Goldman
Deputy Attorney General
Attorney General's Office
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Sacramento, CA 94244-2550

Re: California Farm Bureau Federation et al. v. California State Water Resources Control Board, et al., Third Appellate District Case No. C050289

Dear Mr. Goldman:

This letter follows a request from this office, on behalf of the petitioners in the above-captioned case, regarding information contained on the State Water Resources Control Board's ("SWRCB") website. In 2005, shortly after the Sacramento Superior Court upheld the challenged fee statutes and regulations, the SWRCB posted the Court's ruling on its website, along with a press release styled "Superior Court Upholds Water Right Fees." On January 17, 2007, the Third Appellate District struck down the SWRCB's regulations as "unconstitutional and invalid." That decision became final on February 16, 2007. Notwithstanding the Third Appellate District's decision, the SWRCB has maintained on its website the references to the reversed Superior Court ruling.

In this context, my office, on February 27, 2007, requested that the SWRCB remove the references to the Sacramento Superior Court's decision from its website. The Attorney General's office responded on February 28, 2007, explaining that the SWRCB was "just trying to figure out exactly what the opinion does say." While understanding this response, to a degree, there can be no doubt that the opinion clearly says the SWRCB's fee regulations are "unconstitutional and invalid." There is simply no conceivable reason for the SWRCB to maintain misleading information on its website. The failure to appropriately rectify the situation appears to us to be an exercise in bad faith directly relevant to significant concerns that we have with respect to the SWRCB's impending return on the writ.

In addition to the above, we have requested your input on how best to handle the remaining three cases before the Superior Court. Those cases deal with SWRCB billings associated with the fiscal year 2004-2005, 2005-2006, and 2006-2007 fee regulations. Your office indicated that the Attorney General's office would prefer to wait until the remittitur issues. We do not agree with the Attorney General's office, in this regard.

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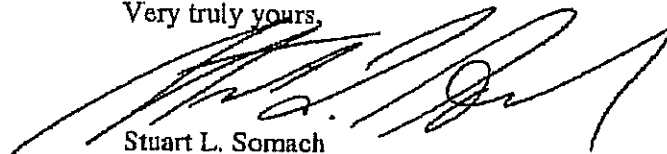
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The stipulations covering the challenges to the water right fees for fiscal years 2004-2005, 2005-2006, and 2006-2007 stayed those proceedings only through a decision by the Third Appellate District. Now that the decision is final, there is no reason to delay addressing these actions. As the State has recognized in the stipulations, the Appellate Court's decision goes directly to the merits of the remaining actions. To the extent refunds are due under the fee scheme in place in 2003-2004, refunds will be due in each successive year. Delaying resolution of the merits of the remaining cases is nothing less than an attempt to avoid refunding potentially tens of millions of dollars of illegally obtained revenue through an unconstitutional and invalid scheme. Whatever refund formulas are developed by the SWRCB should be applied, as appropriate, to the remaining fiscal years' fees, as they are also unconstitutional and invalid.

Moreover, and significantly, we are gravely concerned about the SWRCB's statements in its "Water Right Fee Litigation Update – FAQs (2007)." Based upon what is written there, it appears unlikely that the SWRCB intends to comply with the Court's order. In its "Update," the SWRCB indicates that the "primary impact" of Appellate Court's decision "will be the reallocation among existing fee payers of the water right program costs that the Legislature decides each year should be fee-supported." (Water Right Fee Litigation Update – FAQs (2007), FAQ #7.) To suggest, as the SWRCB does, that the Court's decision would permit the SWRCB to simply "reallocate" all the fees to "existing fee payers" is dubious, at best, and signals clear intent by the SWRCB to disobey the Court's order that the SWRCB adopt lawful regulations. This letter, therefore, is our notice to you that, in our view, if the SWRCB adopts regulations that do nothing more than "reallocate" costs among "existing fee payers," then the SWRCB will be in contempt of the Court's order. If this occurs, NCWA Petitioners will oppose the return on the writ and also seek appropriate sanctions.

If you would like to meet and confer on this matter, I will make myself available for that purpose. In any event, please do not hesitate to contact me if you have any questions or need additional information.

Very truly yours,



Stuart L. Somach
Attorney

SLS:sb

cc: William Carter
Amy J. Winn
Molly K. Mosley
Michael Lauffer, Chief Counsel, SWRCB
David Battaglia

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bcc: David J. Guy
Robert Stackhouse
Elston Grubaugh

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