

**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, January 26, 2009**

1. Call to Order, Roll Call

The meeting was called to order at 3:12 p.m. by President Das Williams, who chaired the meeting. Those in attendance were:

Directors present:

Das Williams	City of Santa Barbara
Bob Lieberknecht	Carpinteria Valley Water District
Sam Frye	Montecito Water District
Lauren Hanson	Goleta Water District
Matt Loudon	SYR Water Conservation Dist., ID#1

Others present:

Kate Rees	William Hair
Chip Wullbrandt	Eric Ford
Brett Gray	Fran Farina
Tom Mosby	Chris Dahlstrom
Alex Keuper	Phil Walker
Janet Gingras	Charles Hamilton
David Brodsly	Bill Ferguson
Gary Kvistad	

2. Public Comment

Charles Hamilton requested the that the Board add the following items to the agenda for the February Board meeting: 1) consider scheduling a televised special Board meeting in May 2009 to present an overview of COMB and CCRB activities; and 2) that COMB take the lead in creating a task force or committee to develop a proposal for a comprehensive “strategic planning process” for the Cachuma Project that included all stakeholders.

Phil Walker made public comments concerning silt accumulation in Lake Cachuma, and recommended taking advantage of hydrologic models developed by the Bureau of Reclamation.

3. Consent Agenda

- a. **Minutes:**
December 15, 2008 Regular Board Meeting
- b. **Investment Funds**
Financial Report
Investment Report
- c. **Payment of Claims**

Director Frye moved to approve the Consent Agenda, seconded by Director Lieberknecht, passed 6/0/1, Director Loudon abstained.

4. Introduction of Goleta Water District’s Appointee Lauren Hanson to CCRB and COMB Boards

President Williams welcomed Director Lauren Hanson as the new Goleta Water District Board representative to COMB.

5. Reconsideration of COMB Board Committee Appointments

President Williams announced the following committee appointments to the COMB Board:

COMMITTEE NAME	COMMITTEE MEMBER	COMMITTEE MEMBER	ALTERNATE MEMBER
Capital Improvements	Jan Abel	Das Williams	Lauren Hanson
Finance	Lauren Hanson	Das Williams	Bob Lieberknecht
Management & Public Affairs	Bob Lieberknecht	Matt Loudon	Das Williams
Operations	Bob Lieberknecht	Lauren Hanson	Jan Abel
Legal Affairs	Jan Abel	Das Williams	Matt Loudon

6. Reports From the Manager

- a. **Cachuma Water Reports**
The water reports prepared by Janet Gingras were included in the board packet.
- b. **Operations Report**
The Operations Report from Brett Gray was included in the board packet. Mr. Gray reported on recent developments regarding the increased rate of leakage at Ortega Reservoir.
- c. **2008 Surcharge Accounting**

Ms. Rees' surcharge accounting report was included in the board packet. All water being released for fish target flows is currently being provided from project yield.

d. Lauro Debris Basin Progress Report

Mr. Gray's progress report on the Lauro Debris Basin Project was included in the board packet. The project is 92% completed and is progressing very well.

e. CCWA Operating Committee Meeting Held January 8, 2009

Ms Rees reported on the CCWA Operating Committee meeting that she attended on January 8, 2009. The agenda was included in the board packet.

f. Santa Barbara County Water Purveyors Meeting Held January 8, 2009

Ms. Rees reported on the Santa Barbara County Water Purveyors quarterly meeting that she attended January 8, 2009. The meeting agenda was included in the board packet.

g. Carpinteria Reach Metering Issues Report

Mr. Gray reported that testing and evaluation of the accuracy of the boundary meter and the other meters between Ortega Reservoir and the boundary meter is continuing. Because demand has been so low, the flow in the SCC has also been very low, which makes it difficult to meter the water accurately. Further testing with higher flow rates will be done in the near future. COMB staff is working closely with MWD and CVWD staff to develop a recommendation regarding the overall metering problem in the Carpinteria Reach of the South Coast Conduit.

h. Cachuma Reservoir Current Conditions

Date 01/26/2009

Lake elevation	741.59 feet
Storage	162,801 acre feet
Rain (for the month to date)	0.65 inches
Rain YTD (for the season to date)	2.59 inches
Fish Release-Hilton Creek	9.9 to 11.9 acre feet per day
Month to Date Fish Release	280.7 acre feet
Month to Date Spill	0 acre feet
Year to Date Spill	0 acre feet

7. Lauro Dam Debris Basin Project Cost Considerations

Mr. Gray reported that the project is progressing well and is expected to be completed by the end of January 2009. Because the debris basin is located in a creek and due to rain, the largest problem encountered has been wet soil conditions. A number of change orders have been generated by Cushman Contractors primarily associated with dealing with the excessive wet soil which required substantial additional soil stabilization work above what the project contract specified. Mr. Gray indicated he is still negotiating the cost of some of the additional work with Cushman, but that he anticipates an additional \$100,000 in change orders by the end of the project.

8. Recommendation for use of FY 2007-08 Unexpended Funds

Ms. Rees stated that there is an unexpended fund balance from prior fiscal years in the amount of \$461,906, as reported by the auditor. \$60,000 is being held in reserve to assist with County Park's Quagga Mussel inspection program. Staff is requesting the following allocation of the remaining funds: \$100,000 for the Lauro Debris Basin Project; \$200,000 for the 2nd Pipeline and Mission Creek Pipeline Projects; and \$100,000 for the South Reach Rehabilitation Project. The Lauro Debris Basin funds are needed for the change orders as discussed under Item #7. Mr. Gray stated that it was expected COMB would receive some reimbursement funds from Prop 50 and issue a CIP bond prior to the end of the current fiscal year. Because it is highly unlikely that either of these sources of funds will materialize, using of a portion of the unexpended funds would allow work to continue on the 2nd Pipeline Project and the Mission Creek Pipeline Project. Although the corrective action for the metering problem in the Carpinteria reach has not yet been determined, staff recommended earmarking some unexpended funds for that purpose.

Director Loudon pointed out that only South Coast Member Units' unexpended funds should be used for these projects as ID#1 does not participate in these projects.

There was discussion about the lack of detail regarding how the funds would actually be spent for the pipeline projects and correction of the metering problem in the Carpinteria reach. Ms. Rees indicated that, at this time, staff was only requesting that the unexpended funds be reserved for these purposes, but that specific use of the funds would come back to the Board for approval at a later time.

Director Frye moved to authorize allocation of the FY 2007/08 south coast Member Units' unexpended fund balance as recommended, seconded by Director Lieberknecht, passed 7/0/0.

9. Recommendation Regarding Formation of an Operating Committee

Ms. Rees reported that the ad hoc committee met on December 10, 2008 to develop a recommendation regarding formation of a manager level Operating Committee. A summary of that meeting was included in the board packet. It was recommended that the Cachuma Member Unit Manager Group be restructured to effectively function as an Operating Committee for both COMB's operational and special project activities and CCRB/ID No. 1's fisheries operational and project activities, without being a formal committee of either or both Boards.

Director Lieberknecht moved to approve the recommendation regarding the formation of an Operating Committee, seconded by Director Frye, passed 7/0/0.

Discussion following the motion clarified that the committee would be a COMB Operating Committee and that the fisheries program activities would be discussed among the managers and attorneys as needed.

Counsel Hair advised that the COMB Operating Committee meetings be considered open public meeting under the Brown Act.

10. COMB capital improvement Program

a. Financial Advisor's Recommendation Regarding Climate for COMB's CIP Bond Financing

David Brodsly, Managing Director of KNN Public Finance was hired by the COMB Board as a financial advisor for financing the COMB CIP Program. Mr. Brodsly gave the Board his evaluation of the current financial downturn and market update relative to the bond issuance process the COMB Board is considering. He thought the market was improving but that it had not righted itself yet. Municipal bonds are currently a great value from the investors' side, but not yet a good value from the sellers' side.

His opinion of Citi Group was that it was the largest municipal underwriter in the County and exceptionally strong in water banking expertise, and that there was nothing financially unhealthy with the public finance side of the company. He was also of the opinion that David Houston was among the best in investment banking. Mr. Brodsly will monitor the market for COMB. He advised the Board to stay with Citi for now but to retain flexibility to change course if needed.

He recommended that the need for the capital projects should guide the financial transaction, not the market, and that we should continue with preparations for the capital projects to be financed.

11. Damage to South Coast Conduit in Sycamore Canyon

Ms. Rees highlighted the summary of events related to the damage and subsequent repair of the SCC on Coyote Road. It is staff's opinion that COMB was not responsible for the damage to the South Coast Conduit (SCC), although the repair provided substantial benefit to the facilities. Therefore, Ms. Rees recommended cost sharing of the repairs between COMB and the City of Santa Barbara, because Tierra Contracting was working on a City project when the damage to the SCC occurred.

A discussion regarding responsibility for the pipeline repair costs will take place between COMB, the City of Santa Barbara, and Tierra. Charles Hamilton suggested that COMB ask a JPIA representative to evaluate the facts, carry out a professional, objective analysis, and make a recommendation regarding the responsible party for paying for the repairs.

Director Hanson commented that if COMB does pay some of the repair cost that it is not an admission of any liability or responsibility.

Director Frye moved to cost share with the City of Santa Barbara for the repair cost for the South Coast Conduit line break in Coyote Creek, seconded by Director Williams, Director Loudon amended the motion to request that staff contact JPIA for an opinion on who might be liable for the repair costs, passed 7/0/0.

12. Prop 50 and Prop 84 Activities

a. Prop 50: State Department of Finance Budget Letter – Suspension of Disbursement of Funds from Prop 50

Ms. Rees explained the suspension of disbursement of funds from all state propositions, including Prop 50. The County of Santa Barbara executed the agreement with the State of California on December 17, 2008, the day before the funds were suspended, for Santa Barbara County's Prop 50 \$25 million grant.

b. Prop 50: Request for Exemption for Santa Barbara Countywide Grant

A letter from Matt Naftaly, Manager of the Santa Barbara County Water Agency, to the State Water Resources Control Board requesting an exemption was included in the board packet.

c. Prop 84: Process Update

Ms. Rees included some information in the board packet regarding the Prop 84 process. The next meeting will be February 5, 2009.

13. Certificate of Appreciation for Gary Keefe's Retirement from the City of Lompoc

Gary Keefe retired from the City of Lompoc at the end of December 2008. Director Frye moved to approve the Certificate of Appreciation for his long service to the City of Lompoc and to the water community, seconded by Director Lieberknecht, passed 7/0/0.

14. Director's Request for Agenda Items for Next Meeting

President Williams requested that the consideration of a televised special Board meeting in May be added to the February 23, 2009 agenda.

President Williams indicated that any discussion regarding development of a strategic plan for COMB should wait until the reorganization discussions were completed.

Director Lieberknecht requested that an overview of Cachuma Project water metering be added to the February 23, 2009 agenda.

15. Meeting Schedule

The next regular Board meeting will be held February 23, 2009 following the 2:15 p.m. CCRB regular Board meeting, at the COMB office.

The Agendas and Board Packets are available on the COMB website, www.cachuma-board.org

16. Lauro Debris Basin Site Visit

Due to the late hour, the Lauro Debris Basin site visit was rescheduled for the February 23rd Board meeting.

17. COMB Adjournment

There being no further business, the meeting was adjourned at 5:26 p.m.

Respectfully submitted,

Kate Rees, Secretary of the Board

APPROVED:

Das Williams, President