

**Joint Special Board Meeting of
Cachuma Operation and Maintenance Board
and
Cachuma Conservation Release Board**

Monday, July 17, 2006 at 2:00 p.m.

held at

Cachuma Operation and Maintenance Board Office
3301 Laurel Canyon Road
Santa Barbara, CA

AGENDA

Facilitated Workshop on COMB/CCRB Reorganization

1. **Call to Order and Roll Call for COMB and CCRB Boards**
2. **Public Comment (Any member of the public may address and ask questions of the Boards relating to any matter not on the agenda and within the jurisdiction of the Boards.)**
3. **Consent Agenda (For Board Action) (2 minutes)**
Minutes of the May 30, 2006 Special Joint COMB/CCRB Board Meeting
4. **Continued Discussion of Macro-Level Substantive Issues**
 - a. Current status of ongoing discussions
 - b. Exploration of points of tentative agreement and unresolved issue areas
 - c. Options for gaining closure on a preferred approach
5. **Finalization of Meeting Schedule for Remainder of July and August, 2006**
6. **Next Steps**
7. **The Next Regular CCRB/COMB Board Meeting will be Held Monday, July 24, 2006, at 2:00 p.m.**
8. **Adjournment**

NOTICE TO PUBLIC

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

Speakers: Any person wishing to speak to an item on the agenda is requested to file a "Request to Speak" form. The Chair may limit the time allowed to speak.

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 Office, and at Bradbury Dam – Dam Tenders
Office
and Noticed and Delivered in Accordance with
Section 54954.1 and .2 of the Government Code.]

**Draft Meeting Notes
Joint Special Board Meeting of
Cachuma Operation and Maintenance Board
and
Cachuma Conservation Release Board
Tuesday, May 30, 2006**

**COMB Office
3301 Laurel Canyon Road
Santa Barbara, CA**

Attending:

Lee Bettencourt, Improvement District No. 1,
Alternate Member
Jan Abel, CCRB President, Montecito Water District
Chuck Evans, Goleta Water District
Robert Lieberknecht, Carpinteria Water District
Das Williams, City of Santa Barbara

Ruth Snodgrass, Admin. Secretary, CCRB

Observers:

Bob Roebuck, General Manager, Montecito Water
District
C.E. 'Chip' Wullbrandt, Counsel, Montecito Water
District, Carpinteria Water District
Steve Mack, Water Resources Manager City of Santa
Barbara
Bruce Wales, General Manager, Santa Ynez River
Water Conservation District
Gary Kvistad, ID #1 Counsel
Brett Gray, COMB Operations Supervisor
William Hair, COMB General Counsel

Facilitator:

John Jostes

1. Call to Order and Roll Call for COMB and CCRB Boards

The meeting of the COMB Board was called to order by Vice-President Chuck Evans at 3:00 p.m., roll call was taken, all were present. The meeting of the CCRB Board was called to order by President Jan Abel at 3:01 p.m. roll call was taken, all were present.

2. Public Comment

Members of the public were provided with an opportunity to provide public comment to the Joint Special Board Meeting. However, no members of the public were present and no comments were received.

3. Discussion of Macro-level Issues and Issues/Options Matrix

John Jostes provided an overview of the Issues/Options Matrix that was developed to serve as the basis for the discussion of macro-level issues associated with the potential reorganization of the two boards. In doing so, he noted that any and all agreements on the component parts within the matrix were tentative for several reasons: 1) each member of the board would need to check back with their constituent Boards of Directors and councils; 2) the joint boards would need to assemble a preferred package based upon a series of tentative agreements; and 3) that new information may become available that would need to be considered later in the process. He suggested that the boards review the descriptions of each of the options and then discuss the appropriateness and accuracy of the bullet points listed beneath each of the options. Those present offered suggestions and refinements to each of the four options, concentrating on Option

One – the status Quo Alternative, and Option 2, merging CCRB and COMB into an amended JPA using the COMB JPA as a starting point. There was also discussion regarding Options 3 and 4. However, it was the general perspective of those present that there was not sufficient interest to pursue Option 4 (COMB merged into CCWA and new JPA for fish issues) at this time because of the complications and uncertainties associated with merging Cachuma Project operations and maintenance into the Central Coast Water Authority, which manages operations and maintenance for the SWP system. Further discussion of this option was dropped for the time being. With regard to Option 3, the discussion implied that there were some benefits of keeping this option on the table, but like Option 4, there were complexities associated with this option as well that required further discussion. This option was 'put on ice' for discussion at a later point in the process as appropriate. The bulk of the discussions centered on articulating the bullet points associated with Option 2 and provided a number of clarifications and additions to language in the matrix. The refinements to the matrix are attached to these meeting notes as Discussion Draft Version 2.

4. Next Steps

Meeting Schedule: It was determined that the next meeting date should be set at the next regular meeting of the two boards on June 26th, so as to allow Matt Loudon, the principal Board member representing ID #1 to join the discussion of dates for upcoming meetings. While the joint boards expressed appreciation to Mr. Bettencourt for his attendance and participation at this and the previous meeting, they also acknowledged the importance of scheduling meetings that would facilitate the attendance of the principal board members whenever possible.

Having no further business to conduct, the meeting was adjourned at 4:55 pm.

Respectfully submitted:

Approved _____

Unapproved _____ ✓

CCRB Secretary to the Board

COMB Secretary to the Board

Approved:

Jan Abel, CCRB President

Matt Loudon, COMB President



Memo

To: CCRB and COMB Board Members	From: John C. Jostes
Re: Transmittal of Meeting Notes and Updated Options and Issues Matrix	Date: June 16, 2006
	CC: Chuck Evans Steve Mack Chris Dahlstrom

Urgent For Review Please Comment Please Reply Please Recycle

This memo transmits the meeting notes from the May 30, 2006 Joint Special Meeting of COMB and CCRB, and an updated version of the Issues/Options Matrix that was the focus of the meeting. I have kept the meeting notes brief because of the workshop nature of the meeting, i.e., no formal decisions were made.

In reviewing this new version of the matrix, it is important to keep several points in mind.

1. The Issues/Options matrix is intended to be an organic document, evolving with the thinking and discussions of the board members
2. Because we are in the inventive stages of the process and not making formal decisions at this point, the full range of options are still reflected within the document/matrix. While one option or another may not currently be under consideration, it is important to keep its constituent parts in the discussion so that the full range of choices are available for consideration.
3. Board members individually or collectively may express preferences and priorities with regard to certain options or component parts, but because each board member needs to check back with their constituent boards and councils, these preferences may, on occasion, change as the discussions of the COMB/CCRB Boards are vetted back to the boards of the member agencies.
4. The Matrix itself is a vehicle to facilitate the identification and specification of a preferred approach to reorganization, and not the end point itself. There may come a point where the matrix is set aside in favor of a specific "package proposal" that will ultimately evolve into a new or amended JPA or other vehicle that will accomplish the reorganization.

I continue to be interested in "real-time" feedback and questions regarding the matrix and am available to answer questions or hear perspectives and reactions to the directions we are heading. I will explore ways and methods of clarifying interests, options and so that refinements that can be made so that when we convene as a group at the next meeting, we can build on the progress made to date. This may mean that

DISPUTE RESOLUTION
MEETING FACILITATION
STRATEGIC PLANNING
PROGRAM MANAGEMENT

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a third refinement of the matrix emerges or some other complimentary approach becomes evident prior to the next meeting which is further representative of the group's perspectives and concerns. I will be coordinating the next iteration with COMB legal counsel as well as others who wish to offer assistance in the refinement process.

Please feel free to call me with any questions that arise from this memo and the attached matrix.



John C. Jostes, AICP, MPA
Principal Facilitator

JCJ/
Attachments



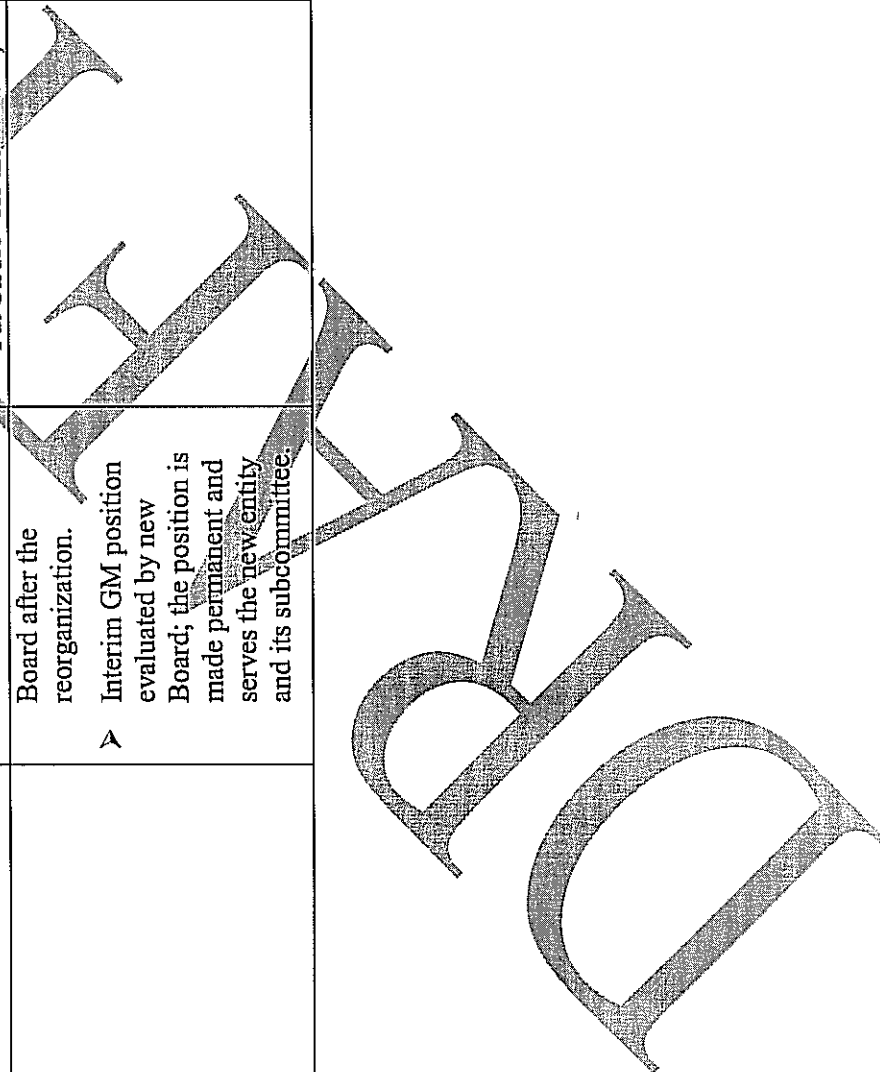
Options for Consideration – COMB/CCRB Reorganization
Macro-Level Issues Version 2a

Options:	Option 1 – The “Do Nothing” Status Quo Alternative (This alternative assumes that the current Employee Service Agreement has been updated.)	Option 2 – CCRB and COMB merged into an amended COMB JPA	Option 3 – CCRB & COMB remain Separate Entities - CCRB becomes fishery agency with ID#1 as a member; COMB is limited to South Coast Conveyance Facility Issues (This Option has tentatively been “Put on Ice” for the moment)	Option 4 – COMB merged into CCWA with a new JPA for water rights and fishery issues for all 5 Member Units (Tentatively dropped from further consideration pending feedback from Constituent Boards)
<p>Description</p> <ul style="list-style-type: none"> ➤ COMB and CCRB remain separate entities. ➤ No new or substantially augmented JPA needed. However, if the Interim General Manager Position is made permanent, then the JPA may need to be revised to reflect this change. ➤ Boards continue to meet separately, but at times which are adjacent to one another. ➤ If the Interim General manager position is 	<ul style="list-style-type: none"> ➤ CCRB members and ID#1, acting as amended COMB Board (aka Full Board), address joint fishery activities, State Water rights, Cachuama water rights issues*, Cachuama Lake issues (Co. Parks) and SWRCB decision monitoring. ➤ Combined entity deals with Cachuama water rights issues* and no other water rights on the Santa Ynez River ➤ Subcommittee of COMB (without ID #1) addresses Cachuama conveyance facilities 	<ul style="list-style-type: none"> ➤ COMB membership becomes So. Coast member units only, without ID#1 and serves as South Coast O&M “project works”? ➤ GOMB reserves currently unused water rights representation for South Coast; focus would be on South Coast O&M? ➤ COMB continues as point of contact with Bureau? ➤ CCRB is given a new name and serves as a fisheries agency for all five member units? ➤ New CCRB handles Cachuama water rights issues as long as Settlement 	<ul style="list-style-type: none"> ➤ Current COMB South Coast O&M and conduit work merged into CCWA with proviso that it not include CCWA Association members – La Cumbre, SB Research Ctr., Morehart? ➤ Activities would be directed by CCWA staff. GM for CCWA would direct activities on South Coast Facilities? ➤ Still need CCRB (but inactive) for South Coast water rights ➤ Cachuama O&M meetings would be part of CCWA meetings? After regular CCWA meetings? – Rolled 	

* Here and elsewhere, refers to the water rights held in trust by the U.S. Bureau of Reclamation for the Cachuama Project Member Units.

<p>Options:</p> <p>Option 1 – The “Do Nothing” Status Quo Alternative (This alternative assumes that the current Employee Service Agreement has been updated.)</p>	<p>Option 2 – CCRB and COMB merged into an amended COMB JPA (i.e., Intake tower, tunnel and South Coast Project works). JPA from COMB is amended to address special and unique aspects of merger. Subcommittee is convened at end of the new entity’s meeting on an as needed basis. All accounting and budgets for conveyance facilities are separated from rest of budget and allocated to South Coast Member Units. Single set of staff, including management, provides support? Original CCRB remains as an entity, but lies dormant. Staffing levels would be evaluated by new</p>	<p>Option 3 – CCRB & COMB remain Separate Entities - CCRB becomes fishery agency with ID#1 as a member; COMB is limited to South Coast Conveyance Facility Issues (This Option has tentatively been “Put On Ice” for the moment) Agreement is in place? New CCRB deals with USBR for coordination of FMP, ESA Compliance and Cachuma Permit compliance? New JPA for new CCRB? Revised JPA for revised COMB members Both agencies have separate staff and separate offices? Need to work out water accounting issues?</p>	<p>Option 4 – COMB merged into CCWA with a new JPA for water rights and fishery issues for all 5 Member Units (Tentatively dropped from further consideration pending feedback from Constituent Boards) into CCWA on a reach-by-reach basis New JPA for fishery and water rights issues includes all five member units voting?</p>
<p>Issues</p> <p>not made permanent, then a 2nd General Manager would need to be hired resulting in duplicate support provided by separate general managers and staffs. Employee Service Agreement would need to be updated in any case.</p>			

<p>Options:</p> <p>Option 1 – The “Do Nothing” Status Quo Alternative (This alternative assumes that the current Employee Service Agreement has been updated.)</p>	<p>Option 2 – CCRB and COMB merged into an amended COMB JPA</p> <p>Board after the reorganization. Interim GM position evaluated by new Board; the position is made permanent and serves the new entity and its subcommittee.</p>	<p>Option 3 – CCRB & COMB remain Separate Entities - CCRB becomes fishery agency with ID#1 as a member; COMB is limited to South Coast Conveyance Facility Issues (This Option has tentatively been “put On Ice” for the moment)</p>	<p>Option 4 – COMB merged into CCWA with a new JPA for water rights and fishery issues for all 5 Member Units (Tentatively dropped from further consideration pending feedback from Constituent Boards)</p>
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Issues	Option 1 – Status Quo with Employee Service Agreement	Option 2 – CCRB and COMB Merged into Amended COMB JPA	Option 3 – CCRB & COMB Remain Separate	Option 4 – COMB merged into CCWA w/new JPA for Water Rights/Fish Issues
Implementation Timing in relation to SWRCB Decision:	<ul style="list-style-type: none"> ➤ Timing is irrelevant because no new or revised entity is created ➤ Regardless of option, interim GM situation is the most time sensitive? 	<ul style="list-style-type: none"> ➤ Implementation of reorganization proceeds forward before SWRCB Decision. 	<ul style="list-style-type: none"> ➤ Implementation before SWRCB Decision with contingencies to address major uncertainties? 	<ul style="list-style-type: none"> ➤ Implementation before SWRCB Decision with contingencies to address major uncertainties? or, ➤ If SWRCB decision is determined to be years away, proceed with implementation within next 12 to 18 months? or, ➤ Implementation waits until after SWRCB Decision is projected to take place within ___ years? or ➤ Timing to depend upon process outcome?
Implications of maintaining the Status Quo:	<ul style="list-style-type: none"> ➤ Inefficiencies would continue, including duplication, separate managers, etc. 	<p>Not Applicable – This option differs from the Status Quo.</p>	<p>Not Applicable – This option differs from the Status Quo.</p>	<p>Not Applicable – This option differs from the Status Quo.</p>
Circumstances that would lead to	<ul style="list-style-type: none"> ➤ Not applicable. The two agencies would 	<ul style="list-style-type: none"> ➤ The original CCRB (dormant under this option) 	<ul style="list-style-type: none"> ➤ The original CCRB (dormant under this 	<ul style="list-style-type: none"> ➤ Eliminates two meetings for ID #1? ➤ The original CCRB (dormant under this

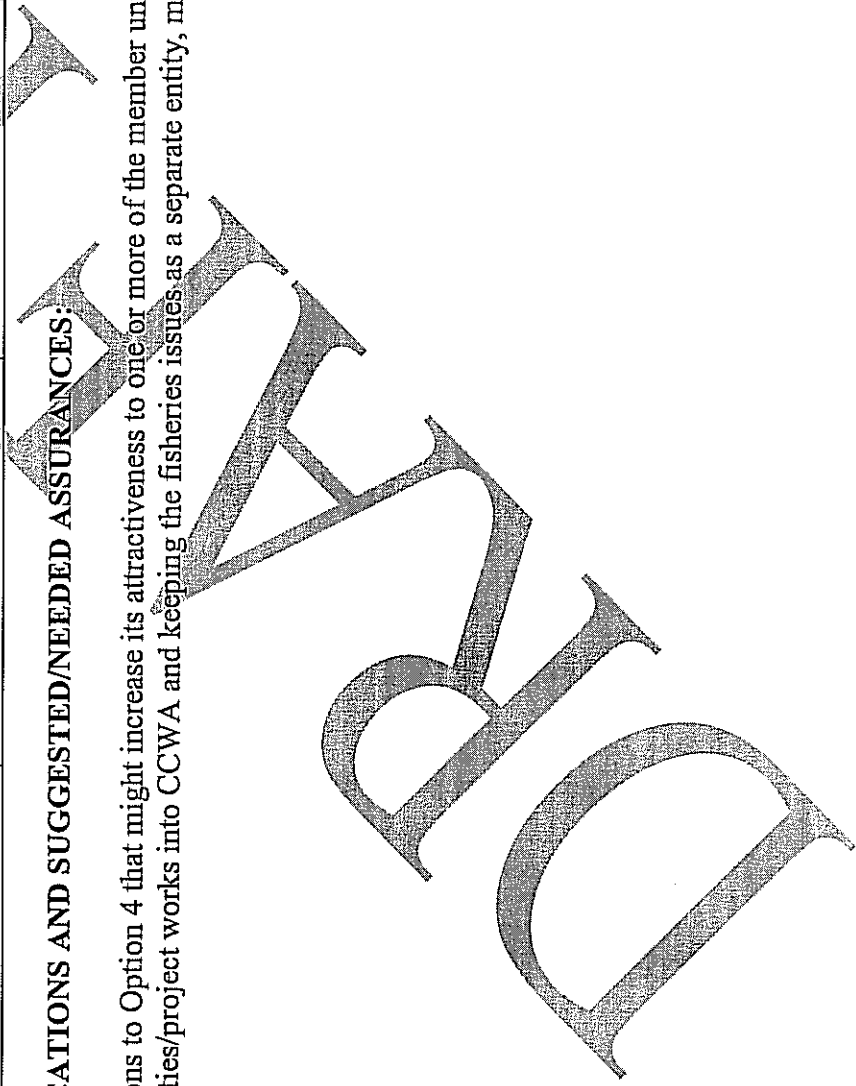
Issues	Option 1 – Status Quo with Employee Service Agreement	Option 2 – CCRB and COMB Merged into Amended COMB JPA	Option 3 – CCRB & COMB Remain Separate	Option 4 – COMB merged into CCWA w/new JPA for Water Rights/Fish Issues
reconvening CCRB	<p>continue to operate separately</p>	<p>could be reactivated to address Santa Ynez River water rights disputes.</p> <ul style="list-style-type: none"> ➤ CCRB reactivated to address certain activities that Settlement Agreement has deemed "separate" ➤ SWQCB decision is adverse to parties and Settlement Agreement may be nullified 	<p>option) could be reactivated to address Santa Ynez River water rights disputes?</p> <ul style="list-style-type: none"> ➤ SWQCB decision is adverse to parties and Settlement Agreement is nullified? 	<p>option) could be reactivated to address Santa Ynez River water rights disputes?</p> <ul style="list-style-type: none"> ➤ SWQCB decision is adverse to parties and Settlement Agreement is nullified?
Decision Making and Voting Structure	<ul style="list-style-type: none"> ➤ Currently COMB has a 2-2-1-1-1, 4 votes and 3 agencies needed to make decisions; Capital projects over \$1,000,000 need unanimous vote? ➤ For CCRB, all 4 So. Coast Member Units vote equally; CCRB voting is unsatisfactory to some? ➤ Currently ID #1 is a participant by agreement in joint fish/resource projects and acts separately in 	<ul style="list-style-type: none"> ➤ Use COMB 2-2-1-1-1 approach, 4 votes and 3 agencies needed to make decisions. ➤ Except for matters related to South Coast conveyance facilities, capital projects over \$1,000,000 need unanimous vote of full board, except for capital projects related to South Coast conveyance facilities. Cachuma water rights decisions require unanimous vote. ➤ ID#1 votes on all issues in front of the full board; ID #1 does not participate in Subcommittee discussions 	<ul style="list-style-type: none"> ➤ ID#1 part of fishery JPA and not part of O&M JPA? ➤ Use COMB 2-2-1-1-1 approach? ➤ Under Settlement Agreement, some issues are separate? 	<ul style="list-style-type: none"> ➤ ID#1 does not participate in CCWA subcommittee and is a voting member of fishery JPA? ➤ Use COMB 2-2-1-1-1 approach for fishery JPA? ➤ Within CCWA subcommittee the voting would be done by reach costs to be consistent with CCWA current practices? ➤ Under Settlement Agreement, some issues are separate? ➤ ID #1 would not vote on matters related to the reach from Tecolote

Issues	Option 1 – Status Quo with Employee Service Agreement	Option 2 – CCRB and COMB Merged into Amended COMB JPA	Option 3 – CCRB & COMB Remain Separate	Option 4 – COMB merged into CCWA w/new JPA for Water Rights/Fish Issues
	<p>financial decisions?</p> <ul style="list-style-type: none"> ➤ ID #1 has consistently funded joint activities with reservations at times? ➤ When financial items are recommended by CCRB to COMB for action, ID #1 can be out voted? 	<p>or decisions.</p> <ul style="list-style-type: none"> ➤ Subcommittee voting subject to the ground rules established for subcommittee at time of creation (e.g., Member Units not sitting on a given subcommittee do not vote on the matters before that subcommittee) ➤ Subcommittee decisions limited to issues that directly impact subcommittee members only, and do not obligate non-subcommittee members on monetary or water rights issues. ➤ \$1,000,000 decisions require unanimous vote, except for South Coast conveyance facilities. 		<p>Intake to Carpinteria?</p> <ul style="list-style-type: none"> ➤ All five members vote on Cachuma reach?
Residual Substantive Issues to be Addressed?	<ul style="list-style-type: none"> ➤ If we do this what happens with COMB/CCRB manager position(s)? ➤ ID#1 cost sharing concerns ➤ 2 meetings with overlap of agenda 	<ul style="list-style-type: none"> ➤ Contact with USBR established under single entity, i.e., amended COMB JPA ➤ Water rights issues remain sovereign amongst all member units. ➤ Water accounting of 	<ul style="list-style-type: none"> ➤ Contact with USBR by two entities rather than one entity? ➤ Where to locate CCRB offices? 	<ul style="list-style-type: none"> ➤ CCWA acquisition of South Coast facilities? ➤ ID #1 does not have an interest in acquisition of South Coast Facilities?

Issues	Option 1 – Status Quo with Employee Service Agreement	Option 2 – CCRB and COMB Merged into Amended COMB JPA	Option 3 – CCRB & COMB Remain Separate	Option 4 – COMB merged into CCWA w/new JPA for Water Rights/Fish Issues
	items. ➤ USBR Contract matters and decisions regarding spill water and Ag. accounting	Cachuma water to be addressed in such a manner as to ... ??		

NOTES, CLARIFICATIONS AND SUGGESTED/NEEDED ASSURANCES:

Additional clarifications to Option 4 that might increase its attractiveness to one or more of the member units might include merging the South Coast facilities/project works into CCWA and keeping the fisheries issues as a separate entity, most likely within CCRB.



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OPTION 2.1: REORGANIZATION OF COMB/CCRB INTO A SINGLE ENTITY WITH THE FOLLOWING ASPECTS, ASSURANCES AND CONTINGENCIES:

- 1. CCRB to Remain, but in a Dormant State:** Original CCRB remains an entity but is dormant – reactivation would occur should the need arise to address water rights disputes or fish releases of water that raise water rights issues. CCRB activities will be managed by four South Coast member agencies and will not be staffed by new COMB.
- 2. Single General Manager with Specified Duties:** A single General Manager serves the reorganized COMB and their time commitments to broad task areas are monitored via a tracking system. GM will not work on CCRB activities
- 3. Fish Management Plan (FMP) Activities transferred to the new COMB:** Current FMP activities of CCRB are moved into COMB, in that COMB has already agreed to undertake these tasks in its role as Lead Agency for the EIR on the Fish Management Plan.
- 4. Conveyance Facilities Costs and Administration undertaken by a Subcommittee:** All of the costs, administration and accounting of the South Coast conveyance facilities would be assumed by and paid for by a subcommittee of the new COMB, consisting of the South Coast Member Units only. All actions regarding the South Coast facilities will be discussed and acted on at a subcommittee of the new COMB which would follow the regular meeting.
- 5. Change in Allocation formula for G&A Costs:** The allocation of G & A costs of the Cachuma Project would be changed to address concerns of ID# 1 that certain activities are not perceived to be in the interest of ID#1. The allocation rate would be changed to ~10% of approximately 65% of overall G & A costs or a rate that is established on the basis of actual measured costs for a sample period of time.

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6. **Clarity on Water Rights Issues:** The new COMB would only be involved in water rights issues to the extent that they are consistent with the Settlement Agreement; all members have veto power over changes to that agreement.
7. **Pursue Acquisition of Cachuma Contract from CWA:** The new COMB will explore Cachuma Project contract assignment to itself instead of to the County Water Agency. COMB would approach the Board of Supervisors to seek to have the Cachuma Contract shifted from the County Water Agency to the new COMB.
8. **Decision-Making:** Voting structure and consensus requirements for certain expenditures for the new COMB will remain the same as for the existing COMB: 2-2-1-1-1, 4 votes and 3 agencies needed for decisions.
9. **Point of Contact with USBR:** The new COMB serves as the point of contact with the U.S. Bureau of Reclamation but does not preclude member units from communicating with USBR.
10. **MOU Assumption:** MOU's with Santa Barbara County Parks regarding surcharge and oak tree propagation would be assigned to the new COMB.

OPTION 2.2: PURSUING JOINT INTERESTS UNDER A CONTRACTUAL ARRANGEMENT

1. This option is similar to 2.1 except that ID#1 participates via contract and is not a member of the JPA.
2. COMB and CCRB are merged into a single organization that contracts with ID#1 in much the same manner as CCRB contracts with ID#1.
3. CCRB remains dormant to address water rights and fisheries issues should disputes arise and staffing is provided by Member Agencies. COMB does not staff CCRB and the COMB GM does not work on CCRB issues
4. ID#1 is a participant and discussant without voting rights or veto power.
5. Assurances to be provided by ID#1 via the "contract" that their right to receive water is contingent upon paying the delivery cost that USBR charges plus 10.3% of all other appropriate Cachuma water costs, including costs associated with

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carrying out the Fish Management Plan and future amendments and projects related to storage of water in the Cachuma Project. ID#1 has no obligation for payment of costs associated with conveyance of water to the South coast. ID#1 will not pay COMB administrative costs directly, but will be expected to pay overhead associated with Fish Management Plan projects.

6. COMB would respect all formal obligations of the Water Service Agreement and ID#1 would contract for services on an as needed basis.

Should additional changes be warranted under Option 2b, ID#1 would need to articulate those details so that other member units can understand what concerns are at stake and what remedies are proposed. At present, the other member units do not know enough about ID#1's intentions with regard to this option to second guess what it might contain beyond these initial provisions.