

**REGULAR MEETING
OF
CACHUMA OPERATION AND MAINTENANCE BOARD**

**3301 Laurel Canyon Road
Santa Barbara, CA 93105**

Monday, May 18, 2009

Approximate Start Time
2:30 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
 - April 27, 2008 Regular Board Meeting
 - b. Investment of Funds
 - Investment Reports
 - c. Payment of Claims
4. **REPORTS FROM THE MANAGER** *(10 minutes)*
 - a. Cachuma Water Reports
 - b. **Verbal Report** - Operations Report
 - c. COMB Operating Committee Meeting
 - d. 2008 Surcharge Accounting
 - e. **Verbal Report** - COMB Field Trip April 29, 2009
 - f. **Verbal Report** - Cachuma Reservoir Current Conditions
5. **LAKE CACHUMA SURCHARGE PRESENTATIONS** *(60 Minutes)*
 - a. Bradbury Dam Surcharge Risk Assessment – Bill Fielder, USBR
 - b. New Surcharge Protocols – Ali Shahroody, Stetson Engineers
 - c. Modified Winter Storm Operations – Tom Fayram, County Flood Control
6. **VERBAL REPORT - JESUSITA FIRE COMB ACTIVITIES** *(5 minutes)*
7. **PROPOSITION 84 ACTIVITIES** *(5 minutes)*

8. **COMB CAPITAL IMPROVEMENT PROGRAM** *(10 minutes)*
 - a. Revised CIP Bond Schedule
 - b. CIP Bond Preliminary Budget
 - c. 2nd Pipeline Project - Notice for Contractor Prequalifications and Proposed Use of Local Labor Language
 - d. Detailed Use of Unexpended Funds for 2nd Pipeline and Mission Creek Pipeline Projects
 - e. COMB Office Building Project – Letter from ID#1

9. **MEASUREMENT OF GOALS AND OBJECTIVES FOR FY 2008-09 AND GOALS AND OBJECTIVES FOR FY 2009-10** *(7 minutes)*

10. **PRELIMINARY FISCAL YEAR 2009-2010 COMB BUDGET** *(15 minutes)*

11. **QUAGGA MUSSEL ISSUES** *(10 minutes)*
 - a. **Verbal Report** - Status of County Park Department's Fiscal Plan for Quagga Mussel Inspection/Prevention Program
 - b. **Verbal Report** – Director's Requested Discussion of Alternative Strategies Regarding Quagga Mussel Prevention Beyond the County Parks' Program

12. **DIRECTORS' REQUEST FOR AGENDA ITEMS FOR NEXT MEETING** *(5 minutes)*

13. **MEETING SCHEDULE**
 - June 22, 2009 following CCRB at 2:15 P.M., COMB Office
 - Defer Televised COMB Informational Program to August 2009
 - Board Packages Available on COMB Website
www.cachuma-board.org

14. **GENERAL MANAGER'S PERFORMANCE REVIEW**
 - a. [CCRB & COMB JOINT CLOSED SESSION – CCRB RECONVENE.] CONFERENCE WITH BOARDS REGARDING GENERAL MANAGER'S PERFORMANCE, PURSUANT TO GOVERNMENT CODE SECTION 54957 (a).

 - b. GENERAL MANAGER'S SALARY AND BENEFITS REVIEW – CCRB RECONVENE.

 - c. **CCRB ADJOURNMENT**

 - d. **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, April 27, 2009

1. Call to Order, Roll Call

The meeting was called to order at 4:13 p.m. by President Das Williams, who chaired the meeting. Those in attendance were:

Directors present:

Das Williams	City of Santa Barbara
June Van Wingerden	Carpinteria Valley Water District
Jan Abel	Montecito Water District
Lauren Hanson	Goleta Water District

Others present:

Kate Rees	William Hair
Brett Gray	Chris Dahlstrom
Tom Fayram	Janet Gingras
David Brodsky	Rebecca Bjork
Gary Kvistad	Charles Hamilton
Doug Brown	Chip Wullbrandt
Matt Bloise	

2. Public Comment

There was no public comment.

3. Consent Agenda

- a. Minutes:**
March 23, 2009 Regular Board Meeting
- b. Investment Funds**
Financial Report
Investment Report
- c. Payment of Claims**

Director Van Wingerden moved to approve the consent agenda as presented, seconded by Director Abel, passed 6/0/1, Director Loudon was absent

4. Reports From the Manager

a. Cachuma Water Reports

The water reports prepared by Janet Gingras were included in the Board packet. Also included was a letter of non-compliance from the Bureau of Reclamation to COMB. The notification was due to COMB not providing Reclamation with the water delivery reports since October 2008. When the Member Units have resolved the spill/surplus water accounting issues among themselves, the reports will be completed and sent to Reclamation.

b. Operations Report

The Operations Report from Brett Gray was included in the Board packet.

c. COMB Operating Committee Meeting April 1, 2009

Agendas and minutes from the COMB Operating Committee meetings were included in the board packet.

d. 2008 Surcharge Accounting

The 2008 Surcharge Summary was included in the board packet. 4,387 acre feet have been used from Project yield to supply the downstream target flows for steelhead.

e. Briefing on Proposed Land Acquisition for City of Santa Barbara's Hydro Plant at Lauro Reservoir

Kate Rees reported that the City of Santa Barbara would like to acquire the land where its Hydro Plant is located near Lauro Reservoir in order to bring it back into service to provide power for the Cater Water Treatment Plant. The City has begun preliminary discussions with the Bureau of Reclamation, who was responsive to the request. The Hydro Plant sits on a 6 acres parcel, however the City needs only a small part of the parcel where the Plant is located. The current proposal is for Reclamation to quit claim the 6 acre parcel to the City. The City would then carry out a lot split and quit claim the remaining portion of the parcel to COMB. The parcel is located within the City limits. Ms. Rees said this item would come before the COMB Board for necessary approvals at a later date.

f. Cachuma Reservoir Current Conditions

Date 04/27/2009

Lake elevation	743.04 feet
Storage	166,764 acre feet
Rain (for the month to date)	.19 inches
Rain YTD (for the season to date)	7.39 inches
Fish Release-Hilton Creek	12.2 to 20 acre feet per day
Month to Date Fish Release	433.4 acre feet
Month to Date Spill	0 acre feet
Year to Date Spill	0 acre feet

5. COMB Capital Improvement Program

a. Financial Team's Recommendation Regarding COMB's CIP Bond Financing

Joining the meeting was Doug Brown, Stradling, Yocca, Carlson & Rauth and David Brodsky, KNN Public Finance to discuss the financing process and scheduling for COMB's CIP projects. Mr. Brodsky stated that the bond market continues to improve and there is nothing about the bond market to suggest it should be avoided. He addressed alternative financing that might be available with commercial lenders in Santa Barbara. Both Santa Barbara Bank and Trust and Montecito Bank and Trust indicated a willingness to discuss a commercial loan, however Mr. Brodsky felt the loan structure they could provide would not be in COMB's nor the Member Units' best interest. Bank loans tend to have shorter repayment terms and are less stable than bond financing. The financial team continues to believe that a bond issuance is the better approach and is the best fit for COMB's objectives.

Mr. Brown confirmed that the debt would appear on COMB's books only, and that the participating agencies would show the annual repayment to COMB as an operating expense.

b. CIP Bond Schedule

A revised schedule for issuance of the bond was included in the Board package, but it was acknowledged that dates may change depending on the Member Units' scheduling constraints. The schedule is designed to provide a general direction in order to sell the bonds after receiving construction bids for the major projects, but before the construction contracts are awarded. The financial team requested feedback from the individual Member Units as to what information each Board needed plus which individual briefings were desired. Mr. Brown summarized what the briefings would include. The schedule provides for three consecutive monthly briefings from COMB's financial team, if the Member Units wish to have them. The first briefing will describe the projects to be funded, and provide a description of the various legal documents required with the financial covenants contained in those documents. The second meeting will present the legal documents required from each of the participating Member Unit Boards for review and approval, and the third meeting will request each Board to approve of the bond issuance, following the COMB Board's approval, as required under COMB's Joint Powers Agreement.

Director Abel and Director Hanson requested that the financial team and COMB staff attend their individual Board meetings for 1) an initial briefing, 2) approval of legal documents, and 3) approval of the debt issue.

Chris Dahlstrom said that ID#1 would probably like to have Mr. Brown and Mr. Brodsky attend one of its Board meetings for information and explanation even though ID#1 will not be a participant in the bond issuance for the South Coast projects.

Charles Hamilton stated that the CVWD Board has authorized him to explore the Cachuma entitlement cost sharing issue with the other Member Units, and

that in his opinion it should be discussed and addressed prior to entering into these projects and financing. President Williams stated that this would need to be added to a future agenda as it was not a topic on the current agenda. Mr. Hamilton also stated that due to his Board's Proposition 218 hearing, the CVWD's schedule to meet with the finance team would need to be delayed.

c. 2nd Pipeline Project Schedule

A proposed schedule of events associated with the SCC/Upper Reach Reliability Project was included in the board packet for information.

6. Consider Resolution No. 486 to Approve Contractor Prequalification Board Policy

The recommendation before the Board was to adopt Resolution No. 486 approving a Contractor Prequalification Board Policy for COMB. Ms. Rees stated that the intent of the policy was to invite all firms interested in providing construction services for projects over \$500,000 to submit their statement of qualifications to COMB. The contractors' qualifications for a certain CIP project will be ranked and only the highest ranked firms will be invited to submit bids for that project. Adoption of the prequalification policy will formalize and improve COMB's existing contractor pre-qualification process.

Counsel Hair advised the Board that a prequalification policy meets the provisions of the Public Contracts Code §20101, however the code does allow for specifying that a certain percentage of labor be supplied by the local area work force, as described in Item D. Director Williams requested that this be explored further to enable such a requirement to be included for construction of COMB capital improvement projects. There were varying opinions among the Board members whether to include such a provision or not. Ms. Rees suggested that that this requirement be deleted from the Board policy and added to the prequalification specifications for individual projects, thus making it discretionary. Counsel Hair indicated this would be acceptable.

There was discussion concerning the percentage of local labor to be used and the geographic area from which local labor would be drawn. At the advice of Counsel Hair, this discussion needs to come back to the Board at a future meeting, as it is beyond the scope of the current agenda.

Director Abel initially moved to table this item until staff was ready with a recommendation regarding local labor, but later withdrew her motion due to the need to move forward with the prequalification package for the 2nd Pipeline Project in a timely manner, for which this Policy would apply.

Rebecca Bjork stated that she had some concern with the Board policy limiting the selection of a contractor to only the top five passing scores (last sentences in Section 4). Mr. Gray suggested, and the Board agreed, that this sentence be removed.

Director Williams moved to approve Resolution No. 486 with the amendment of removing Item D and the last sentence of Section 4 from the Prequalification Policy,

and with the stipulation that the Board discuss the specifications regarding use of local labor at a later date, seconded by Director Hanson, a roll call vote was taken, 6/0/1, Director Loudon was absent.

7. Cachuma Project Water Metering of Lower Reach of South Coast Conduit

Brett Gray highlighted the two flow audits that had been carried out comparing Boundary Meter reads to the Ortega South Flow Meter reads. Tables for both audits were included in the board packet. One test was conducted under low flow conditions and showed the total water delivered for the week to be 3 MG. The other test was designed for higher flow rates and the total water delivered for the week was 26.5 MG. The difference in the meter reads was very small under both tests, but was much lower during the high flow tests. The differences in the error between the low flow and high flow tests were within expected water system parameters. The results of these flow audits indicate that either the Boundary Meter or the Ortega South Flow Meter (adjusted for the meters in between and system losses) could be used to fairly accurately meter Cachuma water deliveries to CVWD. Currently, no additional testing is planned, and the data is being reviewed by MWD and CVWD engineering staff.

8. County Board of Supervisors Meeting March 24, 2009 Regarding the County's Quagga Mussel Prevention Plan

Ms Rees reported on the March 24, 2009 County Board of Supervisors meeting regarding the County's Quagga Mussel Prevention Program. At that meeting the Supervisors accepted COMB's one time cost sharing amount of \$60,000. She reported that Dan Hernandez, Director of the County Parks Department, is developing a fiscal plan showing how the cost of the inspection program will be paid by boat fees and/or park revenues over time. Once that plan is submitted to COMB, the check for \$60,000 will be sent to County Parks.

9. Cachuma Project Renewal Fund/Trust Fund Meeting and County Water Agency's Public Meeting on Cachuma Project Contribution held April 15, 2009

a. Recommended Uses of Renewal Fund/Trust Fund for FY 2009-2010

Ms. Rees reported that the Fund Committee, consisting of Kate Rees, representing the Cachuma Member Units, and Matt Naftaly, representing the County Water Agency, voted to authorize the RF/TF funds to be used for the Lower Santa Ynez River (LSYR) Fisheries Program at the annual meeting held April 14, 2009. Authorized activities were the Fisheries Monitoring Program, the Fish Management Plan Public Outreach Program, and the Oak Tree Restoration Program. Mr. Naftaly concurred that these were appropriate uses of the funds.

b. Recommended Uses of County Water Agency's Cachuma Project \$100,000 Betterment Fund for FY 2009-2010

The recommended use of County Water Agency's Cachuma Project \$100,000 Betterment Fund for Fiscal Year 2009-2010 was, \$60,000 for USGS Stream Gage Program, \$30,000 for LSYR Fisheries Program, and \$10,000 undesignated. Director Abel expressed some concern regarding the

undesigned amount of \$10,000. The Directors were assured that COMB and the County would have to agree on a usage of the money prior to it being spent. Tom Fayram, Deputy Public Works Director, participated in the discussion and suggested that one possible use of the \$10,000 might be for increasing costs associated with of the USGS stream gage data collection program.

Director Williams moved to approve the recommended use of County Water Agency's Cachuma Project \$100,000 Betterment Fund for FY 2009-2010, seconded by Director Abel, passed, 6/0/0, Director Loudon was absent.

President Williams left the meeting and appointed Director Van Wingerden to chair the remaining portion of the meeting

10. Draft Mitigated Negative Declaration for Mission Creek Pipeline Project

Ms. Rees reported that the Initial Study/Draft Mitigated Negative Declaration (MND) for the Mission Creek South Coast Conduit Crossing and Fish Passage Improvement Project has been completed. A Notice of Intent to Adopt a MND will be posted with the Santa Barbara County Clerk of the Board and the State Clearing House for a public comment period of 30 calendar days. At the June 22, 2009 Board meeting, the COMB Board will be requested to consider the Draft MND and all comments received, adopt the findings and mitigation monitoring plan, and approve the project.

11. Designation of Negotiator for Acquisition of Land Easements for the South Coast Conduit/Upper Reach Reliability Project

Ms. Rees reported that two property owners in the Glen Annie watershed will be affected by construction of the SCC Upper Reach Reliability Project. It will be necessary for COMB to acquire both temporary construction easements and permanent easements for those portions of the new pipeline that will be constructed outside of Reclamation's existing SCC easement. It was recommended that the Board authorize the General Manager, with assistance from Hamner Jewell, to enter into negotiations with the landowners for acquisition of those easements.

Director Hanson moved to authorize the General Manager to enter into negotiations with University Exchange Corporation and Gessert/Brown; landowners in the Glen Annie watershed, for acquisition of temporary and permanent easements for the South Coast Conduit/Upper Reach Reliability Project, seconded by Director Abel, passed 4/0/3, Director Williams and Director Loudon were absent.

12. Closed Session Pursuant to Government Code Section 54956.8 to Discuss Negotiations for Land Easement Acquisition with the Negotiator for the Following Properties in the Glen Annie Watershed: (1) University Exchange Corporation, and (2) Susan Gessert, Thomas Brown, and Barbara Brown

The Board went in to closed session at 5:39 p.m. and came out of closed session at 5:48 p.m. There was nothing to report out of closed session.

13. Directors' Request for Agenda Items for Next Meeting

Director Hanson requested that the Quagga Mussel issue be included on the next Board meeting agenda, to discuss COMB's strategy regarding alternatives beyond the County Park's plan.

14. Meeting Schedule

The next regular Board meeting will be held May 18, 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

15. COMB Adjournment

There being no further business, the meeting was adjourned at 5:51 p.m.

Respectfully submitted,

Kate Rees, Secretary of the Board

APPROVED:

Das Williams, President

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

www.treasurer.ca.gov/pmia-laif
May 13, 2009

CACHUMA OPERATION AND MAINTENANCE BOARD

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

PMIA Average Monthly Yields

Transactions
Tran Type Definitions

April 2009 Statement

Effective Date	Transaction Date	Tran Type	Tran Number	Confirm Number	Authorized Caller	Amount
4/8/2009	4/7/2009	RW	1217116		KATHLEEN REES	-110,000.00
4/15/2009	4/14/2009	RW	1220369		KATHLEEN REES	-20,000.00
4/15/2009	4/14/2009	QRD	1219994		SYSTEM	4,065.65
4/16/2009	4/15/2009	RW	1220639		KATHLEEN REES	-25,000.00

Account Summary

Total Deposit:	4,065.65	Beginning Balance:	815,608.98
Total Withdrawal:	-155,000.00	Ending Balance:	664,674.63

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 April, 2009, 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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