

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, November 23, 2009

1. Call to Order, Roll Call

The meeting was called to order at 3:50 p.m. by President Williams who chaired the meeting. Those in attendance were:

Directors present:

Das Williams	City of Santa Barbara
Bob Lieberknecht	Carpinteria Valley Water District
Jan Abel	Montecito Water District
Lauren Hanson	Goleta Water District
Lee Bettencourt	SYR Conservation Dist ID#1

Others present:

Kate Rees	William Hair
David McDermott	Bob Roebuck
Mark Reinhardt	Glen Hille
Janet Gingras	Emily Hutton
Tom Mosby	Chip Wullbrandt
Charles Hamilton	Chris Dahlstrom
Fran Farina	Rebecca Bjork
Tim Robinson	Alex Keuper
Robert Dunlap	Adelle Capponi
Matt Blois	

President Williams requested that the agenda order be changed. Director Bettencourt moved to consider Item #7 first, seconded by Director Abel, passed 7/0/0.

7. Consider Options Regarding Award of Construction Contract for SCC Upper Reach Reliability Project

Ms. Rees reported that the COMB Board approved solicitation of construction bids for the 2nd Pipeline Project on July 27, 2009. Bids were received and opened on September 10, 2009 and the apparent low bidder was Don Kelley, Construction. The bid document states that within a period of 90 calendar days after the opening of bids, the Owner will accept or reject the bids. The 90 day period ends December 9, 2009. Due to the delays in getting the bond and other funding approved for the 2nd Pipeline Project, Ms Rees said there was no way to award the contract by December 9, 2009. Doug Brown and Bill Hair have advised that COMB must have the funds in the bank before awarding the construction contract.

The Board was asked to consider two options.

- 1) Reject all bids and rebid the project after all funding approvals have been attained from each member unit and COMB.
- 2) Let the award date pass and do nothing at this time.

Glen Hille of AECOM, the design engineer, believes that the re-bids could be as much as \$1 million higher than the first bids. He reported that the average of the bids received was \$9.3 million with a range between about \$11 million and \$8 million. Mr. Hille also reported that Kelly Construction said they would honor their labor costs, equipment costs, and their main in house costs for an extra 30 days while funding is put in place. But that there may be suppliers that have had increases in material costs.

Bill Hair stated that there is nothing in the bid specs that would prevent COMB from doing nothing at this time. His recommendation, therefore, was to do nothing at this time to protect the low bid.

After Board discussion the decision on this item was deferred until later in the meeting.

Item #6 was considered next

6. COMB 2009 Revenue Bond and Related Legal Documents and Agreements for the SCC Upper Reach Reliability Project (2nd Pipeline Project)

a. CVWD's Decision Not to Participate in Funding the 2nd Pipeline Project

The CVWD Board decided not to participate in the funding of the 2nd Pipeline Project. Charles Hamilton reported that the District's lack of money caused the CVWD Board to change its mind about funding its share of the project. He said their reserves were not sufficient to pay for the COMB project plus the District's own capital improvement needs. In addition, CVWD believes it would receive marginal benefit from this project.

Director Bettencourt reported that ID#1 will approve the project and the COMB bond, but that he was not authorized to vote in favor of the COMB resolution that approves the financial documents and ID#1's Indemnification Agreement until the ID#1 Board first approves them. That approval is scheduled for ID#1's December 15, 2009 meeting. He said that COMB did not need to approve them first.

b. MWD's Conditional Approval of Funding Increase for the 2nd Pipeline Project Without CVWD Participation

Director Abel reported that on October 12, 2009 MWD approved an 11.5% contribution for the full list of priority projects. When the CVWD Board decided not to participate in funding any portion of the 2nd Pipeline Project, it also voted to consider funding each of the other priority projects one-by-one. The other Member Units followed suit, so the 2009 Project was reduced to the 2nd Pipeline Project only. On November 17, 2009, the MWD Board took action to pay its share as well as an 11.5% share of CVWD's amount subject to CVWD agreeing not to use the 2nd pipeline when the 1st pipeline was not being used. That was not acceptable to CVWD. MWD will be considering a new contribution agreement with the change in projects and funding participants at its November 25, 2009 meeting.

c. GWD Decision Regarding Funding Increase for the 2nd Pipeline Project Without CVWD Participation

Director Hanson reported that GWD has been supportive of all the projects all along and that they continue with that support for the 2nd Pipeline Project. The GWD Board has entertained the suggestion to use a judge to evaluate the cost sharing percentages among the Member Units. Fran Farina, GWD General Counsel stated that the GWD Board will be re-voting on their participation at its December meeting.

d. City of Santa Barbara's Decision Regarding Funding Increase for the 2nd Pipeline Project Without CVWD

Director Williams reported that the City of Santa Barbara continues to want to move forward with this project. Director Williams would like to see some evidence that the Mission Creek project is also moving forward as well as the 2nd Pipeline Project. He also stressed the need to have a penalty mechanism in place for over use of the conduit in peak demand time.

Rebecca Bjork explained the role that Gibraltar Reservoir plays in assisting the other Member Units in meeting their peak demands. The limitations in meeting peak demands currently are not capacity issues at Cater; rather it is keeping up the water flow into Lauro Reservoir. This limitation is not caused by the City's demand. It is due to the inability to get enough water between the South Portal and the Corona del Mar Water Treatment Plant. Given the decreasing capacity at Gibraltar, the City may not be able to continue to supplement peak demand with water from Gibraltar into Lauro. The City is not able to get their full Cachuma entitlement as things are currently.

In order to be fully supportive of the project Director Williams stated that he needs some assurances that the Mission Creek project would be completed, but stated that he was very committed to the project.

e. Set Deadline by which All Member unit Board Must Reach Final Decision on Funding for 2nd Pipeline Project

Ms. Rees requested that each of the Member Unit managers confirm with her each their agency's final decision on participation in the 2nd Pipeline Project by December 9, 2009 in order for all the legal documents to be completed.

The schedule for final approval for each Member Unit:

MWD is meeting November 25th.

GWD is meeting December 8th.

CVWD is meeting December 9th.

ID#1 will schedule a special meeting if the indemnification agreement is completed.

City will add the contribution agreement on their consent agenda December 8th.

Ms. Rees suggested scheduling a Special COMB Board meeting on December 11, 2009. All Directors were able to meet on December 11th at 9:30 a.m. At this

meeting COMB will approve the Official Statement, the Indenture of Trust, the Joint Participation Agreements, the MWD Contribution Agreement, and all of the Indemnification Agreements. Each of the Member Units must make their final approvals prior to December 11th.

f. Schedule Special Joint Board Meeting with COMB, CWD, MWD, CVWD, and ID#1 to Approve the COMB Bond, All Legal Bond Documents, All Board Resolutions, Contribution Agreements, and Indemnification Agreements

A Special Joint Board Meeting was not scheduled.

The Board next continued with Item #7

Director Abel moved to reject all construction bids and re-bid the project using the same pre-qualified contractors, seconded by Director Williams, passed 6/0/1, Director Bettencourt abstained.

2. Public Comment

There were no comments from the public.

3. Consent Agenda

- a. **Minutes:**
October 26, 2009 Regular Board Meeting
- b. **Investment Funds**
Financial Reports
Investment Report
- c. **Payment of Claims**

Director Abel moved to approve the consent agenda as presented, seconded by Director Hanson, 7/0/0.

4. Reports From the Manager

- a. **Cachuma Water Reports**
The Water Reports were included in the board packet
- b. **Operations Report**
The October Operations Report was included in the board packet.
- c. **COMB Operating Committee**
The minutes from the November 4, 2009 Operating Committee were included in the board packet.
- d. **Jesusita Fire Activities**

A progress report on the Jesusita Fire Activities was included in the board packet.

- e. **Quagga Mussel Inspection Report – County of Santa Barbara**
As requested by Director Abel, Ms. Rees explained the permit process for Quagga Mussel monthly survey. The report says no samples taken, this refers only to Carrie Culver, UC Extension who has lost her permit for some additional sampling that she was doing. All other permits are up to date. The monthly report from the County was also included in the board packet.
- f. **Status of El Jaro Creek Cross Creek Ranch Fish Passage Project**
Nothing was reported on this project.
- g. **2008 Surcharge Accounting**
The Surcharge Accounting was included in the board packet.
- h. **COMB/CCRB Regular Board Meeting Dates for 2010**
The 2010 COMB/CCRB Board meeting schedule was included in the board packet.
- i. **Cachuma Reservoir Current Conditions**
Date 11/23/2009

Lake Elevation	731.22 feet
Storage	136,421 acre feet
Rain (for the month to date)	0.00 inches
Rain YTD (for the season to date)	5.69 inches
Fish Release-Hilton	12 acre feet per day
Month to Date Fish Release	289.8 acre feet
Month to Date Spill	0 acre feet
Year to Date Spill	0 acre feet

5. COMB Capital Improvement Program

- a. **Revised CIP Projects Schedule**
The schedule was included in the board package.
- b. **SCC/Upper Reach Reliability Project**
 - 1) **Project Status Report**
This report was included in the board packet
 - 2) **Potential Impacts of Delaying Project**
Ms. Rees reported that if too much time goes by, the window in which to construct the project next year will be lost. If it is delayed a year, we may run into the Prop 50 completion deadline which is December 2012.
- c. **Mission Creek Pipeline and Fish Passage Project**
 - 1) **Project Status Report**
This report was included in the board packet.
 - 2) **Potential Impacts of Delaying Project**

Ms. Rees reported that Glen Hille prepared a report on possible schedule delays for the Mission Creek Project. This was included in the board packet.

Director Williams requested a discussion on funding the Mission Creek Project be added to the agenda for the regular Board meeting on December 21, 2009.

8. Consider Approval of COMB Change Work Order Policy

Director Abel moved to approve the Change Order Board Policy, Counsel Bill Hair had a correction to the first section, the 1.3 (h) (iv) should be 1.3 (h) iv), Director Abel adjusted her motion to the slightly revised version, seconded by Director Williams. During discussion Director Abel called the question, passed 4/1/2, Director Bettencourt voted no, Director Hanson abstained. The motion to approve the Change Order Policy passed 6/1/0, Director Bettencourt voted no.

9. Proposition 50 and Proposition 84 Activities

Ms. Rees reported on the County of Santa Barbara's difficulty in continuing the Prop 84 process. The total amount available for funding the entire Central Coast Region is \$52 million dollars. Only 1/9 of that amount can be released per region for Phase 1, which amounts to \$5.7 million for the Santa Barbara County Region. The participating partners are discussing if it is worth submitting a grant application at this time for Phase 1, or wait to submit grant applications for Phases 2 and 3.

10. Directors' Request for Agenda Items for the Next Meeting

Director Hanson requested that a report from the Quagga Mussel Ad Hoc Committee be added to the agenda for December 21, 2009.

Director Bettencourt requested that his previous request regarding the opinion letter from COMB's legal explaining why the Biological Opinion activities are not water rights issues be on the December 21, 2009 agenda.

11. Meeting Schedule

A COMB Special Board meeting will be held December 11, 2009 at 9:30 a.m. at the COMB office to consider approval of the COMB bond and related agreements.

The next regular Board meeting will be held December 21, 2009 at 2:15 p.m. as there will be no CCRB Board meeting.

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

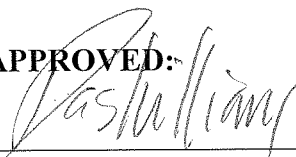
12. COMB Adjournment

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