

**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, June 22, 2009**

1. Call to Order, Roll Call

The meeting was called to order at 3:11 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
Eric Ford	Alex Keuper
Janet Gingras	Detlev Peikert
Gary Kvistad	Fran Farina
Charles Hamilton	Glen Hille
Matt Bloise	Chris Dahlstrom
Tim Robinson	

2. Public Comment

There were no comments from the public.

3. Consent Agenda

a. Minutes:

May 18, 2009 Regular Board Meeting

b. Investment Funds

Financial Reports, April 2009 and May 2009
Investment Report

c. Payment of Claims

Director Hanson requested a change to the May 18, 2009 minutes, Item 11 (b). She requested that the sentence should read... out in front of other (recreation

– delete) agencies with regard to the County’s Quagga program, and that he would be interested in seeing a risk analysis (adding) that evaluates the danger of allowing outside boats (adding) versus the benefits of allowing them into the lake.

Director Hanson moved to approve the consent agenda with the changes to the minutes, seconded by Director Abel, passed 7/0/0.

4. Reports From the Manager

a. Cachuma Water Reports

The water reports prepared by Janet Gingras were included in the Board packet.

b. Operations Report

Ms. Rees highlighted the May Operations Report that was included in the board packet. Most of the activities conducted in May were related to post Jesusita Fire efforts.

c. MWD Purchase of CVWD Cachuma Carryover Water

A letter from MWD was included in the board packet advising COMB that MWD had purchased 600 acre-feet of CVWD’s Cachuma carryover water.

d. COMB Operating Committee Meeting April 1, 2009

The agenda and minutes from the COMB Operating Committee meeting held on June 3, 2009 were included in the board packet.

e. Meeting with Reclamation at ACWA Spring Conference, May 20-22, 2009, Sacramento

Ms. Rees reported that she had met with Reclamation during the ACWA Spring Conference in May. Her discussions addressed the prevention of Quagga Mussels in Lake Cachuma and requested that Reclamation find non-reimbursable funds to assist the County with the ongoing cost of the inspection program. Reclamation agreed to look into this. She also reported on sessions she attended relevant to COMB interests.

f. 2008 Surcharge Accounting

The 2008 Surcharge Summary was included in the board packet. In addition to surcharge water available, about 4,782 acre feet have been used through June 2009 from Project yield to meet downstream target flows for steelhead.

g. Cachuma Reservoir Current Conditions

Date 06/22/2009

Lake Elevation	740.34 feet
Storage	159,443 acre feet
Rain (for the month to date)	.15 inches
Rain YTD (for the season to date)	7.54 inches
Fish Release-Hilton/Outlet Works	12 to 24 acre feet per day
Month to Date Fish Release	703 acre feet

Month to Date Spill	0 acre feet
Year to Date Spill	0 acre feet

5. COMB Capital Improvement Program

a. COMB Office Building Project

1) Presentation of Concept Drawings and Preliminary Budget Estimate from Peikert Group, Architects

Detlev (Detty) Peikert of Peikert Group, Architects presented the conceptual drawings for the proposed new COMB office building to the Board. Mr. Peikert explained that as the firm approached this project they made every effort to understand the COMB organization, consider the natural setting of the area, design with sustainability in mind, and of most importance, develop a practical and economical design. Their approach was to design a simple, economical building that would house all staff and meet all the necessary functions of both COMB and CCRB. He described the details of the conceptual drawings using a PowerPoint presentation, and said that he is working with a couple of contractors to provide a good preliminary estimate for construction of the project.

2) Reply Letter to ID No. 1

Included in the board packet was a letter from ID #1's President, Harlan Burchardi, concerning the proposed new COMB office building. Also included was a reply to that letter from COMB's President, Das Williams, and a copy of a draft Indemnification Agreement between ID #1, COMB, and the South Coast Member Units. The legal documents for the COMB Bond state that South Coast Member Units shall be solely responsible for repayment of the bond. The Indemnification Agreement is not necessary, but would give ID#1 additional assurance that it would not be responsible for repayment of any portion of the bond. ID#1 will consider the draft Indemnification Agreement and the COMB POS.

Goleta Water District's (GWD) legal counsel, Fran Farina, expressed her concern with the draft Indemnification Agreement relative to ID#1 paying for a portion of the proposed COMB office building. She referred to a separate agreement (noted in Mr. William's letter) to be negotiated with ID#1 on the sharing of the cost for a new office building. Counsel Hair explained that the Indemnification Agreement was meant only to address the COMB bond repayment responsibilities, and was not linked to any separate agreement with ID#1 for cost sharing of the office building. The Board requested that Ms. Farina discuss her issues with Counsel Hair.

b. SCC/Upper Reach Reliability Project

1) Receipt of Pre-Qualifications from Contractors

Ms. Rees reported that a notice requesting pre-qualifications from interested contractors for construction of the 2nd Pipeline Project was advertised in late May 2009. Eleven contractors submitted their qualifications for the project; a list of those contractors was included in the board packet. These firms will be ranked per COMB's Prequalification Policy and the five top-ranked

contractors will be requested to bid on the project. It is anticipated that a contract will be awarded by October 2009.

2) Recommendation for Construction Management Services

Ms. Rees reported that three engineering firms were pre-selected to submit bids for construction management services for the 2nd Pipeline Project. All of the contractors submitted responsive bids, and all have appropriate experience to successfully complete the project. After review by staff and outside engineers, staff recommended that AECOM be hired to provide construction management services for this project.

Director Lieberknecht moved that AECOM be selected to provide construction management services for the South Coast Conduit Upper Reliability Project, seconded by Director Williams, passed 6/0/1, Director Bettencourt abstained.

3) Authorization to Sign Right-Of-Way Agreements, Accept the Easement Deeds, and Authorize Payments into Escrow for Gessert-Brown and University Exchange Corporation

Ms. Rees reported that COMB's real estate consultant Hamner-Jewell and COMB staff have been in negotiations with the two landowners in the Glen Annie watershed that will be affected by the construction of the 2nd Pipeline Project. She reported that the negotiations have been completed, and a mutually agreed upon price had been accepted by each of the landowners, contingent upon approval by the COMB Board. At the April 27th Board meeting, the Board authorized the General Manager to offer financial compensation to the landowners. Ms. Rees requested that the Board approve the negotiated compensation to purchase temporary construction and permanent right-of-way easements to complete the process.

Director Hanson moved to authorize the General Manager to sign the Right-of-Way Agreements, accept the Easement Deeds, and authorize payments into escrow for Gessert-Brown and University Exchange Corporation, seconded by Director Lieberknecht, passed 6/0/1, Director Bettencourt abstained.

c. CIP Bond

1) Revised Schedule

Included in the board packet was the revised schedule for the various Member Unit meetings regarding the bond issuance process. Ms. Rees requested that everyone check the dates for their respective meetings and contact Janet Gingras with any changes.

Director Abel requested that the schedule be revised to clearly state the specific actions required from the individual Member Unit Boards during each scheduled meeting. Staff agreed to do so.

2) Informational Briefing on Proposed Cost Distribution Methodology for Bond Debt Service Repayment and Proposed Cost of Services Analysis

Ms. Rees reported that at the May 18, 2009 Board meeting, President Williams, at the request of Carpinteria Valley Water District, agreed that the COMB Board should receive information and consider a different bond repayment cost distribution than the historic Cachuma entitlement percentages. At the June 3, 2009 COMB Operating Committee meeting this was discussed. Ms. Rees reported that the other General Managers did not think COMB should consider adjusting the cost repayment percentages of the bond in isolation. They recommended that if the COMB Board was interested in evaluating this issue, a comprehensive cost of services analysis should be done for the entire conveyance system, and that an experienced consultant should be hired to carry out this analysis.

Ms. Rees agreed with the recommendation of the Operating Committee; however she expressed concern that this type of analysis could be lengthy and would likely hold up the bond issuance. To avoid delay, staff proposed that an additional provision be included in COMB's Official Statement and the Joint Participating Agreements as drafted by bond counsel, Doug Brown, which would allow a change to the cost repayment distribution at a later time, if the Member Units decided it was appropriate. The Board was in agreement that including this statement was appropriate.

The Board also directed staff to provide an estimated cost to do a full cost benefit analysis in September after the bond was issued. Ms. Rees indicated that input would be needed from the Member Unit Managers to develop an appropriate scope of work to provide to qualified consultants in order to get a good cost estimate.

6. Proposed Final COMB Budget for Fiscal Year 2009-2010

Ms. Rees reported that there had been no changes to the draft FY 2009-2010 Budget presented at the May Board meeting. The COLA decreased from 2.5% to 2.4% and the budget now includes the approved salary increase for the General Manager.

Director Abel indicated that the Montecito Water District Board had several questions regarding the COMB budget, which she would provide to Ms. Rees and Ms. Gingras for follow-up.

Director Lieberknecht moved to approve the proposed COMB Budget for Fiscal Year 2009-2010 in the amount of \$3,365,727, seconded by Director Hanson, passed 7/0/0.

7. Consider FY 2008-09 Budget Adjustment for Erosion Control Measures and Fence Replacement at Lauro Reservoir Due to the Jesusita Fire

Ms. Rees reported that during the Jesusita Fire, approximately 36.8 acres within the fence line around Lauro Reservoir completely burned. She provided preliminary cost estimates for the items and activities that need to be addressed for recovery of the burned area. In order to move forward with the recovery activities, Ms. Rees requested a budget adjustment in the amount of \$375,000. Because some anticipated

project work for FY 2009 had not been completed, funds are available to be transferred from two capital project accounts into a Jesusita Fire account. Staff has applied for financial assistance from the California Disaster Assistance Act Program for tree removal and to the National Resource Conservation Service for erosion control measures. The Bureau of Reclamation has also been contacted to see if it has any funds available to replace the damaged fencing around Lauro Reservoir.

Director Lieberknecht moved to reallocate current fiscal year budgeted funds in the amount of \$375,000 to carry out erosion control measures, dead tree removal, and replacement of fencing around Lauro Reservoir caused by the Jesusita Fire, seconded by Director Williams, passed 6/0/1, Director Bettencourt abstained.

8. Recommended Contractor for El Jaro Creek Cross Creek Ranch Fish Passage Project

Ms. Rees highlighted the memo that was included in the board packet. Four bids were received from contractors bidding on the project. Staff recommended hiring Lapidus Construction, Inc. due to their extensive experience in fish passage construction projects locally. Even though Lapidus submitted a somewhat higher bid, staff was of the opinion that Lapidus had been the most responsive bidder, particularly by reducing their bid by about \$100,000 from the bid submitted last year for the same project.

Director Bettencourt expressed his concern about staff not recommending the lowest bidder for the project. He also objected to having COMB contract for a fish passage project that should be with CCRB. Ms. Rees explained that CCRB does not have liability insurance so COMB needs to be the agency to contract for construction of the fish passage projects. Mr. Bettencourt was of the opinion that COMB and CCRB should have an agreement for COMB to run the project instead of CCRB.

Director Abel moved to approve the selection of Lapidus Construction, Inc. as the contractor for construction of the El Jaro Creek Cross Creek Ranch Fish Passage Enhancement Project, seconded by Director Hanson, passed 6/1/0, Director Bettencourt voted no.

9. Quagga Mussel Issues

a. County Parks Department Long Term Funding Plan

Included in the board packet was a letter from Dan Hernandez, County Parks Department outlining County Parks plan for long term funding of the Cachuma Lake Quagga Mussel Program. This fiscal plan was required by COMB to be submitted prior to sending the one time contribution of \$60,000 towards the Quagga Mussel Inspection and Prevention Program. Ms. Rees reported that the check had been sent to County Parks.

b. Quagga Mussel Ad Hoc Committee Appointments

President Williams appointed Director Hanson and staff to the Quagga Mussel Ad Hoc Committee.

10. Proposition 84 Activities

This was deferred to the July meeting.

11. Directors' Request for Agenda Items for Next Meeting

There were no requests except to include the South Coast Conduit cost benefit analysis estimate for the September 2009 Board meeting.

12. Meeting Schedule

The next regular Board meeting will be held July 27, 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

13. COMB Adjournment

There being no further business, the meeting was adjourned at 5:34 p.m.

Respectfully submitted,

Kate Rees, Secretary of the Board

APPROVED:

Das Williams, President