

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

**Monday, October 2, 2006  
2:00 PM**

**held at:  
Cachuma Operation and Maintenance Board Office  
3301 Laurel Canyon Road  
Santa Barbara, CA 93105**

**AGENDA**

**Facilitated Meeting on COMB/CCRB Reorganization**

- 1. Call to Order and Roll Call for COMB and CCRB Boards**
- 2. Adoption of Meeting Notes from August 2, 2006 Joint Special Board Meeting**
- 3. 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.)**
- 4. Continued Discussion of Reorganization Options**
  - ♦ Review of current draft version of Options 2.1 and 3.1
  - ♦ Exploration of points of tentative agreement and unresolved issue areas
  - ♦ Approach for gaining closure on a preferred approach
- 5. Next Steps**
- 6. Adjournment**

**Draft Meeting Notes  
Joint Special Board Meeting of  
Cachuma Operation and Maintenance Board  
and  
Cachuma Conservation Release Board  
Wednesday, August 2, 2006**

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

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**Attending:**

Matt Loudon, Improvement District No. 1  
Jan Abel, CCRB President, Montecito Water District  
Chuck Evans, COMB President, Goleta Water District  
Robert Lieberknecht, Carpinteria Water District  
Das Williams, City of Santa Barbara

Kate Rees, Interim General Manager COMB/CCRB  
Ruth Snodgrass, Admin. Secretary, CCRB

**Observers:**

Chris Dahlstrom, General Manager, I.D. #1 (via conference call)  
Bob Roebuck, General Manager, Montecito Water District  
Steve Mack, Water Resources Manager, City of Santa Barbara  
Gary Kvistad, ID #1 General Counsel (via conference call)  
William Hair, COMB General Counsel

**Facilitator:**

John Jostes

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

The meeting of the COMB Board was called to order by President Chuck Evans at 2:00 p.m., roll call was taken, all were present. The meeting of the CCRB Board was called to order by President Jan Abel at 2:01 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. Continued Discussion of Macro-level Issues and Issues/Options Matrix**

The discussion began with an oral report from William Hair, General Counsel to COMB on some of the difficulties associated with Option 2.2, including the potential withdrawal of Improvement District No. 1 and their participation in joint matters via a contract. He noted that it was technically feasible, but could entail some additional costs and time associated with amending contracts with the Bureau of Reclamation and the re-issuance of bonds issued by COMB on behalf of ID #1. John Jostes distributed an e-mail from Chris Dahlstrom regarding some of these same issues as well. Mr. Hair also noted that the existing term of the current COMB JPA is indeterminate until COMB has completed all of its business.

Following Mr. Hair's report, the Board Members turned their attention to making comments on the wording that defined Option 2.2 within Version 3.1 of the Discussion Paper. Considerable discussion took place on this option including the following points:

- ♦ ID #1 is very sensitive to costs and may not be able to participate in projects that cost in the neighborhood of \$1 million
- ♦ Out of basin fish projects are a major concern of ID #1.
- ♦ Need to reflect transferred project works in the language of Option 2.2, exclusive of Bradbury Dam.
- ♦ Option 2.2 would not require a CEQA review nor would it require a decision from LAFCO
- ♦ Any separation costs would need to be negotiated
- ♦ There is a need to review the wording of Option 2.2 to make sure that the wording is internally consistent and not at cross-purposes.
- ♦ Option 2.2 should not entail one member unit picking up the rights and responsibilities of another member unit
- ♦ Does the fiduciary responsibility of a member unit continue when it withdraws and goes to contract?
- ♦ The intent of 2.2 is not to provide ID #1 with unfettered latitude to take advantage of other member units
- ♦ Another concern has to do with what is perceived as unfair G & A costs – reorganization should solve this issue.

The discussion then turned to comments on Option 2.1. Like those regarding Option 2.2, the comments on Option 2.1 involved considerable discussion and detail, including the following points:

- ♦ COMB and CCRB managers need to be separate in a reorganization
- ♦ Cost accounting is an important issue for ID #1
- ♦ Where decisions involve water rights, these matters should be taken up by individual member units and not COMB
- ♦ If a State board decision were made that adversely affects water rights, then each member unit would need to address this from their own perspective
- ♦ The Fish Management Plan is not anticipated to change, but the Biological Opinion could change with respect to the requirements of incidental take permits
- ♦ All of the Fish Management Planning is going well at present; therefore, it would be simpler to implement Option 2.2 than Option 2.1
- ♦ We need to look at the issues that may arise over the next 10 – 20 years and make sure to consider these matters and integrate this thinking into the options under consideration.

Toward the end of the meeting, John Jostes indicated that he would take all of the comments provided on each of the options and refine the current draft to try to better reflect the concerns and perspectives offered by each of the Board Members and their staffs. The Boards gave direction to John Jostes to work with the Coordinating Committee to develop a new version of the Options Discussion Paper.

#### 4. Next Steps

John Jostes indicated that he would contact the appropriate individuals and evolve a new version for review prior to setting a next meeting date.

**Having no further business to conduct, the meeting was adjourned at 5:00 pm.**

**Respectfully submitted:**

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CCRB Secretary to the Board

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COMB Secretary to the Board

**Approved:**

\_\_\_\_\_  
Jan Abel, CCRB President

\_\_\_\_\_  
C. Charles Evans, COMB President

Approved \_\_\_\_\_

Unapproved \_\_\_\_\_ ✓



# Memo

**To:** CCRB and COMB Board Members                      **From:** John C. Jostes, Facilitator

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**Re:** New and Revised Reorganization Options for Consideration                      **CC:**

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**Date:** 9/26/2006    **Pages:** 2

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Urgent       For Review       Please Comment       Please Reply       Please Recycle

Since the last Joint Special Meeting of the two boards, I have been working closely with the Coordinating Committee to craft revisions and refinements to the options that have been under discussion, namely, Option 2.1 and 2.2. In the intervening weeks since the August 2<sup>nd</sup> meeting, a series of developments have taken place.

The Coordinating Committee met on August 18<sup>th</sup> to discuss revisions to the two options made as a response to the discussions of the Boards on August 2<sup>nd</sup> and decided to provide the facilitator with more detailed suggestions regarding how to rework the then current working draft. On September 15<sup>th</sup>, the Coordinating Committee again met to discuss revisions and refinements and were presented with a new option by Chris Dahlstrom, who reported that he had been working closely with his Board over the previous three weeks to craft a new option that kept ID #1 in a re-organized agency comprised of all five agencies . Rather than further pursuing Option 2.2, which provided for a contractual relationship with ID #1 for the current roles and responsibilities of COMB, this new approach prescribes a new five-agency organization to address fisheries and Cachuma Project water rights issues and a separate "South Coast Agency" (SCA) to address transferred project works.

The Coordinating Committee and the Facilitator have worked to refine this option as well as the option which merges both CCRB and COMB and provide a new matrix which describes the similarities and differences between these two options. The two options are now referred to as Option 2.1 – "Merged COMB", and Option 3.1 - "New Name Agency and SCA". The comparison matrix is attached to this memo for your collective review.

When the Joint Boards meet in special session next Monday, October 2<sup>nd</sup> at 2:00 at the COMB Offices, we will review each of these options with the intent of reaching closure on a preferred course of action. At this point, the differences between these two options can be summarized as follows:

- The Merged COMB addresses the transferred project works within a single agency via a separate "class" of voting members which functions similar to a subcommittee, whereas the

DISPUTE RESOLUTION  
MEETING FACILITATION  
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ITEM #           4            
PAGE           1

New Name Agency option creates a separate entity via a new JPA for the operation and maintenance of transferred project works.

- Whereas the Merged COMB would allocate G&A costs via an accounting and tracking system, the New Name Agency transfers this function to the new South Coast Agency.
- Lastly, the New Name Agency would deal with employees, office locations and related issues differently from the Merged COMB option by creating separate employment structures for each of the two agencies and separate office locations as well.

Staff from Improvement District #1 is requesting that this new option be given full consideration by the Joint Boards to see if it can achieve the common objectives of all five agencies in determining a new organizational structure that will best serve the interests of all parties.

At this point, it would appear that for discussions to be most fruitful, the following organizing questions should guide the deliberations at next Monday's meeting;

1. Under what circumstances or conditions could a two-agency approach (New Named agency plus South Coast agency) be most workable for all five entities?
2. How could such an approach be refined to maximize cost savings and minimize perceptions of duplicate functions, office locations, cost and overhead?
3. If a dual agency approach is not a preferred approach, what additional refinements, if any, could be made to the "Merged COMB" option that could attract the support of ID #1?

The final issue lies in establishing a preferred course of action that can be supported by all five agency representatives. If such a preference does not emerge by the conclusion of the October 2<sup>nd</sup> meeting, I am not sure that I can provide much additional assistance on reaching closure in this matter. At that point, my suggestion would be to abandon reorganization efforts and move on to more productive discussions.



John Jostes

Attachments

Comparative Matrix

Issue/Topic	Option 2.1 – “Merged COMB”	Option 3.1 - New Name Agency & SCA	Notes/Comments
Disposition/Evolution of COMB and CCRB	<p><b>Fish Management Plan (FMP) and Biological Opinion (BO) Activities transferred to the new COMB:</b> Current FMP activities of CCRB related to the Cachuma Project, the Fish Management Plan and those related to compliance with the Biological Opinion (BO) issued to USBR by NMFS are moved into the Merged COMB. Projected future activities related to adaptive management for BO compliance are also undertaken by the newly merged COMB. A new and revised joint advocacy agreement would be executed to continue joint participation in the State Water Resources Control Board hearing and related matters.</p>	<p><b>New Agency with a New Name:</b> The current COMB JPA would be amended to remove the Transferred Project Works, and limit the New Name Agency (NNA) responsibilities to the Cachuma Project (excluding Bradbury dam and its operations). The amended JPA would retain all five agencies as members. As with the current situation, water right issues would be restricted to the Cachuma permits from the Bureau of Reclamation and State Water Resources Control Board related to Cachuma Project water rights. The Settlement Agreement itself remains outside of the new name agency and its terms are dealt with on a member unit basis.</p> <p>Activities related to the Fish Management Plan (FMP) and the Biological Opinion (BO) would be performed by the NNA.</p> <p>Voting structure and consensus requirements would remain unchanged. Cost and expense allocation to the member agencies would remain unchanged.</p>	<p>ID#1's new option, Option 3.1, establishes separate entities, one for dealing with South Coast conveyance facilities (Transferred Project Works). 2.1 has a subcommittee within a Reorganized (i.e., Merged) COMB deal with these issues.</p> <p>Cachuma Project water rights issues would be carried over to the new entity under both options.</p>
Approach to Transferred Project Works	<p><b>Conveyance Facilities Costs and Administration undertaken by establishing “Classes” of membership in the Merged COMB:</b> All of the costs, administration and accounting of the South Coast conveyance facilities would be assumed by and paid for by a separate class of voting Merged COMB members. One membership class (Class 1), consisting of all five member units would address all issues associated with Cachuma water storage. Another membership class (Class 2) would be composed of South Coast Member Units only and would address conveyance and South Coast storage only. All actions regarding South Coast facilities and associated costs will be discussed and acted on through the “conveyance and South Coast storage class” (Class 2) members whose meetings could take place either before or after meetings of the Class 1 members.</p>	<p><b>New South Coast Agency for Transferred Project Works:</b> The South Coast agencies would form a new JPA to establish a South Coast Authority (SCA) for operation and maintenance of the Transferred Project Works (TPW). The name may remain COMB because of its focus on O&amp;M. The SCA shall be responsible for all activities, facilities and personnel related to the TPW. The four south coast agencies would negotiate the scope and terms of the new JPA.</p>	<p>The differences here are that whereas Option 2.1 allows for classes of membership within a single agency to deal with conveyance facilities, Option 3.1 establishes a separate JPA with separate offices to accomplish this.</p>
Decision Making	<p><b>Decision-Making:</b> Voting structure and consensus requirements regarding certain expenditures and other matters for the Merged COMB will remain the same as</p>	<p>Decision making from the existing COMB would be transferred to the NNA with the same voting structure as the existing COMB. SCA voting based on majority of</p>	<p>No substantive differences</p>

Comparative Matrix

Issue/Topic	Option 2.1 – “Merged COMB”	Option 3.1 - New Name Agency & SCA	Notes/Comments
	<p>for the existing COMB: 2-2-1-1-1, 4 votes and 3 agencies needed for decisions. For projects or programs of \$1 million or greater involving all 5 member units, unanimous approval is required. For “transferred project works” projects of greater than \$1 million, the four South Coast member units’ unanimous approval is required. The unanimous approval would apply to subsequent cost changes in a project that exceeds a total of \$1 million. A project could not be phased or segmented to circumvent the unanimous vote requirement. At such time as the JPA is amended, the \$1,000,000 expenditure threshold may need to be reviewed and revised to account for inflation since the current limitation was set many years ago.</p>	<p>four remaining agencies.</p>	
<p><b>Status of CCRB</b></p>	<p><b>CCRB to Remain, but in a Dormant State.</b> Fisheries activities transferred to new COMB: Original CCRB remains an entity but is dormant – reactivation would occur should the need arise to address water issues when the interests of the South Coast water agencies differ from those of ID#1 or to address changes to the Settlement Agreement. (This approach would return CCRB to its historic role regarding South Coast water rights issues outside of Cachuma Project water rights; any activities undertaken by CCRB would require CCRB to staff such activities separately, with no sharing by ID#1.)</p>	<p><b>CCRB.</b> The FMP activities and any future activities related to the FMP or BO would be shifted to the NNA. CCRB would remain in existence but dormant – returning CCRB to its historic role regarding water rights issues on the Santa Ynez River. CCRB would be reactivated as needed to address changes to the Settlement Agreement.</p>	<p>There are no substantive or functional differences between these two alternatives with regard to the status of the CCRB.</p>
<p><b>Fish MOU</b></p>	<p>Fish MOU duties assigned to the Merged COMB</p>	<p>CCRB’s interest in the Fish MOU would be assigned to NNA as CCRB’s successor-in-interest since NNA would be taking over all the FMP issues.</p>	<p>Both options put the Fish MOU duties with the NNA or the merged agency. The difference is in the makeup of the NNA</p>
<p><b>Consideration and Decision Making regarding Out of Basin Activities and Individual</b></p>	<p>Voluntary, out-of-SYR-basin fisheries activities may also be undertaken by the new COMB where linkages to ‘within basin’ fish management plan and BO can be established. These activities would require unanimous approval by all member units and are expected only if the requirements of or compliance with the Biological</p>	<p>Those items outside the SYR watershed would require unanimous agreement on decisions. In addition, all aspects of the State Board hearings, including FMP and any new water rights issues raised by a decision by the state board, would also require unanimous agreement.</p>	<p>There is no substantive difference between the alternatives on this issue.</p>



Comparative Matrix

Issue/Topic	Option 2.1 – “Merged COMB”	Option 3.1 - New Name Agency & SCA	Notes/Comments
<p>Member’s Fisheries Activities</p>	<p>Opinion or other regulatory requirement were to change and COMB is obligated to carry out the Bureau of Reclamation’s obligations in this regard. In addition, all aspects of the State Board hearings , including FMP and any new water rights issues raised by a decision by the state board, would also require unanimous agreement.</p> <p>Any member or subset of members that wishes to pursue fisheries projects without approval of all members may do separately but shall not use Merged COMB or its staff. However, should one or more member units wish to contract with the Merged COMB for professional support or assistance in carrying out such voluntary fisheries projects, such member unit(s) would not be precluded from seeking the unanimous approval of the newly Merged COMB Board to enter in to such contractual and financial arrangements to facilitate such projects.</p>		
<p>FMP Litigation and the Use/Relationship of Consultants</p>	<p>Fisheries staff, consultants (Entrix and Stetson Engineers) and legal counsel (Best, Best &amp; Krieger) previously serving CCRB would migrate over to work for Merged COMB..</p>	<p>The NNA’s continued representation by ID#1’s special legal counsel would be re-evaluated to confirm continuity of the five agencies’ interests. If continued representation is appropriate, new agreements would be executed with NNA for continued use of ID#1’s special legal counsel. The representation by ID#1’s special legal counsel would not be expanded beyond the existing litigation without ID#1’s approval.</p>	<p>There’s no substantive difference between alternatives. The language in 3.1 states ID#1’s desire to relook at agreements regardless of future organization.</p>
<p>Allocation of G&amp;A Costs</p>	<p><b>Change in Allocation formula for G&amp;A Costs:</b> The allocation of G &amp; A costs of the Cachuma Project transferred storage would be changed to make certain that the cost of all activities involving the Cachuma Project conveyance facilities (transferred project works for operation and maintenance) are paid for by the four South Coast member units and not by ID #1 It is expected that this cost allocation change would be 10.3 % of approximately 65% of overall G &amp; A costs. A task accounting system will be established for the GM, and Administrative staff except for the Operations Supervisor, for a limited time period to determine</p>		<p>Allocation of G&amp;A costs under Option 3.1 would no longer be necessary because the new South Coast authority (SCA) would be responsible for this function.</p>

Comparative Matrix

Issue/Topic	Option 2.1 – “Merged COMB”	Option 3.1 - New Name Agency & SCA	Notes/Comments
<p><b>Water Rights Issues</b></p>	<p>appropriate distribution of costs. If this approach does not appear to be workable, an annual cost accounting could be done to establish the following year's cost distribution percentage.</p> <p>The Merged COMB would be responsible for Cachuma Project water rights issues for the five Member Units. All water rights matters would require unanimous approval. These activities would necessarily be consistent with the Settlement Agreement relative to operation of the Cachuma Project. Any amendments or successors to that Agreement will require the approval of ID #1, and may require the reactivation of CCRB, if needed, since ID #1 and CCRB are the Merged COMB member units signatories to the Settlement Agreement.</p>	<p>No details specified for water rights issues other than what is articulated under the first cell dealing with the NNA</p>	<p>There are no substantive difference between these alternatives.</p>
<p><b>Employees and Office/Meeting Location(s)</b></p>	<p><b>Single General Manager with Specified Duties:</b> A single General Manager (GM) would serve the merged COMB and the common interests of all five member units. GM would not accept any responsibilities or legal obligations that could be interpreted as advocating or serving a subset of interests of the merged COMB to the detriment of any single member of the merged COMB.</p> <p><b>Offices:</b> Merged COMB offices would be located at the current COMB offices</p>	<p><b>Employees.</b> The COMB/CCRB interim general manager would become the general manager of the NNA. SCA would hire a new general manager and administrative staff. Historic COMB employees would no longer be contracted out to CCRB and those employees related to the Cachuma Project and the FMP/BO would remain under the NNA. Those employees related to the TPW would become SCA employees.</p> <p><b>Offices.</b> SCA offices would be located at the current COMB offices. A new office would be located in the Santa Ynez Valley for the NNA and meetings would be held quarterly instead of monthly.</p>	<p>ID#1's new option divide the employee duties to separate out COMB tasks from South Coast conveyance facilities tasks and would establish that the NNA employees could not work for the South Coast Agency, so as to avoid their perceived problems with the current situation. This provision is intended to preclude the need for a tracking /accounting system for employee time and tasks. Option 3.1 will require separate benefits, financial management, and other administrative functions. It does not address possibility of Bradbury Dam employees of a becoming employees of a</p>

Comparative Matrix

Issue/Topic	Option 2.1 – “Merged COMB”	Option 3.1 – New Name Agency & SCA	Notes/Comments
<b>Bonds</b>	The Bonds issued by COMB on behalf of ID#1, MWD and CVWD would not need to be reissued or refunded since all five agencies remain members of the Merged COMB.	The Bonds issued by COMB on behalf of ID#1, MWD and CVWD would not need to be reissued or refunded since all five agencies remain members of the NNA.	local agency. Under 2.1 those employees would work for Merged COMB.  Option 3.1 would require the acquisition of new offices in the Santa Ynez Valley for the NNA at an as yet undetermined cost.  There are no substantive differences between these two alternatives.
<b>USBR Contract and Point of Contact</b>	The new Merged COMB serves as the point of contact with the U.S. Bureau of Reclamation for the project works or Fish Management Plan activities but does not preclude any member unit as an individual point of contact with USBR for obligations, responsibilities, contractual requirements or general communication related to that member unit or from communicating directly with USBR.	COMB and USBR entered into contracts for the operation and maintenance of, and financing for, the TPW, which contracts would be assigned to SCA. As the TPW relates solely to the members of SCA, and ID#1 does not have any existing or future interest in those facilities, USBR approval of the contact assignments should be achievable. The NNA would be the point of contact with USBR and would do water supply accounting, collecting monies from the member agencies for payment to USBR.	Alternative 3.1 would have two agencies with contact responsibilities with USBR unless and until TPW are transferred to SCA.
<b>Cachuma Project Master Contract</b>	<b>Pursue Acquisition of Cachuma Contract from CWA:</b> The Merged COMB will explore Cachuma Project contract assignment to itself as time allows. The Merged COMB would approach the Board of Supervisors to seek to have the Cachuma Contract shifted from the County Water Agency.	<b>Cachuma Project Master Contract.</b> Member units and ID#1 would pursue assignment of the USBR/County Water Agency (CWA) master contract (Master Contract) to the NNA. The NNA would contract with the individual member units.. The NNA would become the point of contact for the USBR, which would not preclude individual member agencies from communicating with the USBR. The Cachuma Project member agencies would retain their same proportional interest in the Cachuma Project and corresponding responsibility for payment.	There are no substantive differences between the two options with regard to the Cachuma Project Master contract.
<b>County Parks MOU</b>	<b>County Parks MOU Assumption:</b> CCRB’s MOU’s with Santa Barbara County Parks regarding surcharging Lake Cachuma and the Oak Tree restoration program would be assigned to the Merged COMB. ID #1 would remain a signatory because of its service area status and	<b>County Parks MOU.</b> CCRB’s MOU’s with Santa Barbara County Parks regarding surcharging Lake Cachuma and the Oak Tree restoration program would be assigned to the NNA. ID #1 would remain a signatory because of its service area status and need to separately	There are no substantive differences between the two options.

Comparative Matrix

Issue/Topic	Option 2.1 – “Merged COMB”	Option 3.1 – New Name Agency & SCA	Notes/Comments
State Board Hearings	<p>Those technical consultants and legal counsel working for CCRB under the advocacy arrangement with ID#1 for matters related to the State Water Resources Control Board hearings would require that a new and/or revised joint advocacy agreement to provide professional services to the Merged COMB</p>	<p>The joint advocacy arrangements between CCRB and ID#1 for the State Board would be re-evaluated to confirm continuity of the five agencies’ interests. ID #1 underscores the benefit of a coalition of all five members working together to represent their collective interests before the Board. If continued joint advocacy is appropriate, new agreements would be executed with NNA for continued use of ID#1’s consultants. The consultants’ services would not be expanded beyond the existing agreed upon scope without ID#1’s approval. The joint advocacy agreements between CCRB and ID#1 would terminate.</p>	<p>There is no substantive difference between alternatives. The language in 3.1 states ID#1’s desire to re-look at agreements regardless of future organization.</p>
Allocation of Reorganization Costs	<p>The reorganization costs would be shared by the parties in proportion to their respective interests in the Cachuma Project. Each agency would be responsible for their own costs for negotiating, reviewing and approving the new arrangements.</p>	<p>The reorganization costs would be shared by the parties in proportion to their respective interests in the Cachuma Project. Each agency would be responsible for their own costs for negotiating, reviewing and approving the new arrangements.</p>	<p>No substantive differences other than there is a new agency in a new office with new administrative and new office costs that need to be sorted out.</p>
Other Agreements	<p>Existing and reorganized agreements among and between COMB, CCRB and ID#1 would need to be reviewed</p>	<p>All other agreements between COMB, CCRB/ID#1 would need to be reviewed and evaluated.</p>	<p>There’s no substantive difference between alternatives. In each case, agreements would need to be reviewed and evaluated.</p>