

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

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

Monday, October 22, 2007

Approximate Start Time
3:30 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
 - September 24, 2007 Regular Board Meeting
 - b. Investment of Funds
 - Financial Reports
 - Investment Reports
 - c. Payment of Claims
4. **REPORT FROM THE AUDITOR FOR FISCAL YEAR 2006-2007: RECOMMENDATION TO ACCEPT THE AUDIT** (*20 minutes*)
5. **REPORTS FROM THE MANAGER.** (*5 minutes*)
 - a. Water Storage, Water Production & Use, SWP Accounting
 - b. Operations Report
 - c. 2006 Surcharge Accounting
 - d. Santa Barbara County Water Purveyors Meeting Oct 11, 2007
 - e. **Verbal Report** - Cachuma Reservoir Current Conditions

6. **PRESENTATION ON COMB'S CAPITAL IMPROVEMENT PROGRAM FUNDING OPTIONS** *(15 minutes)*
7. **SANTA BARBARA COUNTY'S INTEGRATED REGIONAL WATER MANAGEMENT PLAN** *(5 minutes)*
8. **ZACA FIRE ACTIVITIES** *(7 minutes)*
 - a. Consideration of Bathymetric Survey for Lake Cachuma
 - b. **Verbal Report - Post-Fire Actions Being Taken for Lake Cachuma**
 - c. Cachuma Watershed Assessment – Proposal from Balance Hydrologics
9. **VERBAL REPORT: COMB WEBSITE DEVELOPMENT** *(5 minutes)*
10. **DIRECTORS' REQUEST FOR AGENDA ITEMS FOR NEXT MEETING** *(5 minutes)*
11. **MEETING SCHEDULE**
 - November 19, 2007 following CCRB at 2:15 P.M., COMB Office **(Please note date change)**
 - Availability of Board Packages on CCRB-COMB Website www.ccrb-comb.org
12. **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, August 27, 2007**

1. Call to Order, Roll Call

The meeting was called to order at 4:44 p.m. by Vice-President Matt Loudon, who chaired the meeting. Those in attendance were:

Directors present:

Matt Loudon	SYR Water Conservation Dist., ID#1
Harry DeWitt	Goleta Water District
Das Williams	City of Santa Barbara
Jan Abel	Montecito Water District
June Van Wingerden	Carpinteria Valley Water District

Others present:

Kate Rees	William Hair
Steve Mack	Brett Gray
Bob Roebuck	Charles Hamilton
Gary Kvistad	Chris Dahlstrom
Rebecca Bjork	Janet Gingras

2. Public Comment

Director Williams announced that along with City staff, he would be meeting with Assemblyman Pedro Nava to discuss stiltation issues that may result from the Zaca Fire and also what kind of help might be available from the State.

3. Consent Agenda

a. Minutes:

August 27, 2007 Regular Board Meeting

b. Investment Funds

Financial Report
Investment Report

c. Payment of Claims

Director Abel moved to approve the Consent Agenda, seconded by Director Williams. Motion carried, 5/0/2, Director DeWitt abstained.

4. Reports from the Manager

a. Water Storage, Water Production Use, SWP Accounting

The monthly reports were included in the Board packet

1. Operations Report

The August 2007 report on operations from Brett Gray was included in the board packet.

2. 2006 Surcharge Accounting

Ms. Rees highlighted the changes she had made to the 2006 Surcharge Water chart she prepares each month. She added a column showing the WR 89-18 releases, which are being conjunctively used to meet target flow requirements for the steelhead fishery.

e. Cachuma Reservoir Current Conditions

Date 09/24/2007

Lake elevation

Storage	acre feet
Rain (for the month to date)	inches
Rain YTD (for the season to date)	inches
Fish Release-Hilton Creek	acre feet per day
Month to Date Fish Release	acre feet
Month to Date Spill	acre feet

5. Santa Barbara County's Integrated Regional Water Management Plan

a. MOU for Administration of Santa Barbara Countywide IRWMP and Proposition 50 Round 2 Step 2 Grant Application

b. Budget Adjustment to Cover Increased Cost

The recommendations before the Board were:

- a. That the COMB Board approve a new Memorandum of Understanding (MOU) for Administration of the Santa Barbara Countywide Integrated Regional Water Management Plan (IRWMP) and Proposition 50 Round 2 Step 2 Grant Application, in substantially the same form as attached, with a COMB share not to exceed \$60,000 to support the ongoing IRWMP administrative expenses and prepare the grant application.

- b. Approve a FY 2007-08 Budget Adjustment in the amount of \$25,000 for increased costs for the consultant to prepare the IRWMP Round 2 Step 2 grant application.

Ms. Rees reported that the new MOU provided for sharing the costs associated with the ongoing administration of the IRWMP process and for the cost of preparing a detailed application for the Step 2 grant process. All Cooperating Partners were encouraged to continue funding the minor expenses associated with the IRWMP administration. The more substantial costs associated with the Step 2 grant application are to be funded by the Project Proponents. COMB is one of the Project Proponents and, therefore, responsible for its share of the cost to prepare the grant application. COMB's 2nd Pipeline Project has been included on the project list. If Santa Barbara is awarded the full \$25 million, COMB will receive \$4 million for the 2nd Pipeline Project.

Ms. Rees reported the \$25,000 budget adjustment would be a transfer of funds from the Legal account to the IRWMP account. There would still remain sufficient funds to cover COMB's projected legal expenses for this fiscal year.

Director Williams moved to approve staff recommendations 1 and 2, seconded by Director DeWitt, passed 6/0/1, Director Loudon abstained.

6. Zaca Fire Potential Impacts to Lake Cachuma, Winter Storm Emergency Preparedness Projects

Brett Gray, Operations Supervisor, reported on the recent meetings he had attended with the County Flood District regarding Zaca Fire potential impacts to Lake Cachuma and winter storm emergency preparedness projects. With over 50% of the watersheds at Lake Cachuma and Gibraltar Reservoir burned, a potentially serious emergency exists with the expected winter storms and runoff. In response to the anticipated amount of woody debris that may enter Lake Cachuma, it is necessary to take some preventative actions. In response to the potential emergency, staff presented three recommendations for Board approval:

1. Allocate \$200,000 of unexpended fund balance from Fiscal Year 2006/2007 to fund the winter storm emergency preparedness projects.
2. Assist the County Flood Control District with funding for the log booms in Lake Cachuma in the amount of \$30,000.
3. Contract for debris removal in Lake Cachuma with an outside contractor in the amount of \$120,000.

Mr. Gray also reported that even though Gibraltar Reservoir is a City of Santa Barbara facility, the loss of storage capacity in Gibraltar would greatly impact the ability to meet peak demand in the summer, and place a burden on the SCC beyond its current limits. Because of this, staff will closely follow the City's activities to prevent siltation into

Gibraltar Reservoir and also offer support for any control measures for Gibraltar Reservoir.

Ms. Rees recommended that the Board also consider hiring Barry Hecht, Balance Hydrologics, Inc., to assess the impacts on Lake Cachuma due to the fire. The Board agreed that there was a need to react quickly to possible potential emergencies during the winter storm season and to put in place possible preventive actions. The Board also thought Mr. Hecht was well qualified to do the assessment of Lake Cachuma.

Director Abel moved to approve staff recommendations, and also directed to staff to contact Mr. Hecht for a proposal to carry out an impact assessment on Lake Cachuma, seconded by Director Williams, passed 7/0/0.

7. COMB Nomination of Kate Rees for the ACWA Federal Affairs Committee

Ms. Rees expressed interest in serving on the ACWA Federal Affairs Committee for the 2008-2009 term. She would like to become more involved in ACWA and broaden her interaction with water agencies on a statewide level. She reported that the committee meets four times a year, two of which are held during the ACWA conferences, and that all expenses would need to be paid by the sponsoring agency.

Director Williams moved to nominate Kate Rees to serve on the ACWA Federal Affairs Committee for 2008-2009, seconded by Director Van Wingerden, passed 7/0/0.

8. Certificate of Appreciation for Steve Mack Water Resources Manager, Upon His Retirement from the City of Santa Barbara

Director Abel moved to approve the certificate of appreciation for Steve Mack, seconded by Director Williams, passed 7/0/0.

Director Loudon, COMB Vice-President and Director Abel, CCRB President presented the certificate of appreciation to Steve Mack upon his retirement from the City of Santa Barbara. All expressed their appreciation to his dedication and hard work to the City of Santa Barbara and to the entire Santa Barbara water community. His professionalism, knowledge, and experience will be greatly missed.

9. Certificate of Appreciation for Kirk C. Rodgers, Regional Director Mid-Pacific Region, Upon His Retirement from U.S. Bureau of Reclamation

Director Abel moved to approve sending a certificate of appreciation to Kirk C. Rodgers, Regional Director of the Mid-Pacific Region, upon his retirement from the U.S. Bureau of Reclamation, seconded by Director Williams, passed 7/0/0.

10. Consider Rescheduling November 26, 2007 Regular Board Meeting to November 19, 2007

The Directors will be contacted before the October 22, 2007 meeting to consider moving the November Board meeting from November 26 to November 19, 2007.

11. Director's Request for Agenda Items for Next Meeting

There were no requests from the Directors.

12. Meeting Schedule

October 22, 2007 is the next regular COMB Board meeting following the 2:15 P.M. CCRB regular Board meeting, at the COMB office.

The Board Packets are available on the CCRB-COMB Website, www.ccrb-comb.org

13. COMB Adjournment

There being no further business, the meeting was adjourned at 5:45 p.m.

Respectfully submitted,

Kate Rees, Secretary of the Board

APPROVED:

Chuck Evans, President

sec.comb/boardminutes/09.24.07COMB Minutes.doc

Approved _____

Unapproved _____ ✓

ITEM # 3a
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Balance Sheet
 As of September 30, 2007

	Sep 30, 07
ASSETS	
Current Assets	
Checking/Savings	
1050 · GENERAL FUND	602,447.50
1100 · REVOLVING FUND	7,726.73
TRUST FUNDS	
1220 · RENEWAL FUND	102,747.45
1210 · WARREN ACT TRUST FUND	118,163.23
Total TRUST FUNDS	220,910.68
Total Checking/Savings	831,084.91
Accounts Receivable	
1301 · ACCOUNTS RECEIVABLE	5,220.00
Total Accounts Receivable	5,220.00
Other Current Assets	
1010 · PETTY CASH	400.00
1200 · LAIF	1,423,447.23
1300 · DUE FROM CCRB	45,170.30
1302 · ASSESSMENTS RECEIVABLE-CARP	43,652.25
1303 · SOD Act Assessments Receivable	52,824.00
1400 · PREPAID INSURANCE	11,600.72
1401 · W/C INSURANCE DEPOSIT	3,906.00
Total Other Current Assets	1,581,000.50
Total Current Assets	2,417,305.41
Fixed Assets	
1500 · VEHICLES	291,882.50
1505 · OFFICE FURN & EQUIPMENT	169,593.40
1510 · TRAILERS	97,803.34
1515 · FIELD EQUIPMENT	315,952.43
1525 · PAVING	22,350.00
1550 · ACCUMULATED DEPRECIATION	-633,192.50
Total Fixed Assets	264,389.17
Other Assets	
1910 · LT SOD Act Assess Receivable	6,770,319.07
Total Other Assets	6,770,319.07
TOTAL ASSETS	9,452,013.65
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2200 · ACCOUNTS PAYABLE	323,869.06
Total Accounts Payable	323,869.06
Other Current Liabilities	
2592 · DEFERRED REVENUE - SCC DESI...	114,400.00
2550 · VACATION/SICK	71,006.19
2560 · CACHUMA ENTITLEMENT	550,441.80
2561 · BRADBURY DAM SOD ACT	-112,046.00
2562 · SWRCB-WATER RIGHTS FEE	0.76
2590 · DEFERRED REVENUE	220,910.68
Payroll-DepPrm Admin	42.31
Payroll-DepPrm Ops	4.62
Total Other Current Liabilities	844,760.36
Total Current Liabilities	1,168,629.42
Long Term Liabilities	
2603 · LT SOD Act Liability - Lauro	1,060,000.00
2600 · Lease Obligation Payable	15,203.50

2:58 PM
10/16/07
Accrual Basis

comb2
Profit & Loss Budget vs. Actual
July through September 2007

	TOTAL			
	Jul - Sep 07	Budget	\$ Over Budget	% of Budget
Income				
3000 REVENUE				
3001 · O&M Budget	1,185,762.74			
3003 · Assessment Revenue-Carp	594.63			
3010 · Interest Income	16,810.62			
3070 · OES 2005 Storm 1577 Reimb	700.00			
Total 3000 REVENUE	<u>1,203,867.99</u>			
Total Income	<u>1,203,867.99</u>			
Gross Profit	<u>1,203,867.99</u>			
Expense				
3100 LABOR				
3150 · Health & Workers Comp	37,527.90	157,010.00	-119,482.10	23.9%
3155 · PERS	17,213.76	83,745.00	-66,531.24	20.56%
3160 · Payroll Comp FICA Ops	7,603.24	35,755.00	-28,151.76	21.27%
3165 · Payroll Comp MCARE Ops	1,778.28	8,362.00	-6,583.72	21.27%
3100 LABOR - Other	0.00	541,693.00	-541,693.00	0.0%
Total 3100 LABOR	<u>170,946.18</u>	<u>826,565.00</u>	<u>-655,618.82</u>	<u>20.68%</u>
3200 VEH & EQUIPMENT				
3201 · Vehicle/Equip Mtce	7,842.30	38,000.00	-30,157.70	20.64%
3202 · Fixed Capital	3,713.25	47,000.00	-43,286.75	7.9%
3203 · Equipment Rental	4,315.26	25,000.00	-20,684.74	17.26%
3204 · Miscellaneous	4,823.69	16,000.00	-11,176.31	30.15%
Total 3200 VEH & EQUIPMENT	<u>20,694.50</u>	<u>126,000.00</u>	<u>-105,305.50</u>	<u>16.42%</u>
3300 · CONTRACT LABOR				
3301 · Conduit, Meter, Valve & Misc	1,815.05	12,000.00	-10,184.95	15.13%
3302 · Buildings & Roads	1,813.61	16,000.00	-14,186.39	11.34%
3303 · Reservoirs	4,531.95	52,000.00	-47,468.05	8.72%
3304 · Engineering, Misc Services	10,260.67	22,000.00	-11,739.33	46.64%
Total 3300 · CONTRACT LABOR	<u>18,421.28</u>	<u>102,000.00</u>	<u>-83,578.72</u>	<u>18.06%</u>
3400 · MATERIALS & SUPPLIES				
3401 · Conduit, Meter, Valve & Misc	21,750.09	22,000.00	-249.91	98.86%
3402 · Buildings & Roads	1,746.22	22,000.00	-20,253.78	7.94%

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comb2
Profit & Loss Budget vs. Actual
July through September 2007

	Jul - Sep 07	Budget	\$ Over Budget	% of Budget
TOTAL				
3403 · Reservoirs	12.02	10,000.00	-9,987.98	0.12%
Total 3400 · MATERIALS & SUPPLIES	23,508.33	54,000.00	-30,491.67	43.53%
3500 · OTHER EXPENSES				
3501 · Utilities	874.24	6,500.00	-5,625.76	13.45%
3502 · Uniforms	1,865.11	6,500.00	-4,634.89	28.69%
3503 · Communications	2,940.21	20,000.00	-17,059.79	14.7%
3504 · USA & Other Services	585.75	4,000.00	-3,414.25	14.64%
3505 · Miscellaneous	1,358.84	6,000.00	-4,641.16	22.65%
3506 · Training	2,021.53	7,000.00	-4,978.47	28.88%
Total 3500 · OTHER EXPENSES	9,645.68	50,000.00	-40,354.32	19.29%
4999 · GENERAL & ADMINISTRATIVE				
5000 · Director Fees				
5001 · Director Mileage	226.20	1,000.00	-773.80	22.62%
5000 · Director Fees - Other	2,688.00	11,000.00	-8,312.00	24.44%
Total 5000 · Director Fees	2,914.20	12,000.00	-9,085.80	24.29%
5100 · Legal	7,672.00	57,000.00	-49,328.00	13.46%
5101-1 · Audit	10,000.00	10,000.00	0.00	100.0%
5150 · Unemployment Tax	0.00	6,500.00	-6,500.00	0.0%
5200 · Liability Insurance	30,278.00	44,000.00	-13,722.00	68.81%
5201 · Health & Workers Comp	18,009.84	54,970.00	-36,960.16	32.76%
5250 · PERS	6,993.04	30,675.00	-23,681.96	22.8%
5260 · Comp FICA Admin	2,788.07	12,416.00	-9,627.93	22.46%
5265 · Comp MCARE Admin	651.99	2,903.00	-2,251.01	22.46%
5300 · Manager Salary	10,007.25	43,365.00	-33,357.75	23.08%
5301 · Administrative Manager	19,057.17	85,417.00	-66,359.83	22.31%
5306 · Administrative Assistant	12,274.56	53,190.00	-40,915.44	23.08%
5310 · Postage/Office Exp	1,349.57	9,000.00	-7,650.43	15.0%
5311 · Office Equip/Leases	1,110.76	6,200.00	-5,089.24	17.92%
5312 · Misc Admin Expenses	7,385.90	8,000.00	-614.10	92.32%
5313 · Communications	609.11	12,000.00	-11,390.89	5.08%
5314 · Utilities	1,361.62	5,300.00	-3,938.38	25.69%
5315 · Membership Dues	374.00	6,850.00	-6,476.00	5.46%
5316 · Admin Fixed Assets	0.00	7,000.00	-7,000.00	0.0%
5325 · Emp Training/Subscriptions	342.79	4,500.00	-4,157.21	7.62%

comb2
Profit & Loss Budget vs. Actual
July through September 2007

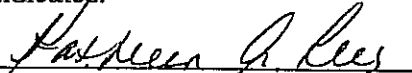
	Jul - Sep 07	Budget	\$ Over Budget	% of Budget
TOTAL				
5330 · Admin Travel/Conferences	686.37	6,000.00	-5,313.63	11.44%
5331 · Public Information	37.35	8,000.00	-7,962.65	0.47%
5332 · Transportation	66.97	1,200.00	-1,133.03	5.58%
Total 4999 · GENERAL & ADMINISTRATIVE	133,970.56	486,486.00	-352,515.44	27.54%
5510 · Integrated Reg. Water Mgt Plan	16.88	60,000.00	-59,983.12	0.03%
6000 · SPECIAL PROJECTS				
6062 · SCADA	13,991.84	30,000.00	-16,008.16	46.64%
6090-1 · COMB Bldg/Grounds Repair	0.00	50,000.00	-50,000.00	0.0%
6092 · SCC Improv Plan & Design	97,660.24	250,000.00	-152,339.76	39.06%
6095 · SCC Valve & Cntrl Sta Rehab	256,667.40	450,000.00	-193,332.60	57.04%
6095-1 · Lauro Debris Basin Rehab	9,684.31	1,144,050.23	-1,134,365.92	0.85%
6095-2 · Lauro Debris Basin CR	0.00	-544,050.23	544,050.23	0.0%
6096 · SCC Structure Rehabilitation	134,652.91	450,000.00	-315,347.09	29.92%
6097 · GIS and Mapping	6,359.84	40,000.00	-33,640.16	15.9%
Total 6000 · SPECIAL PROJECTS	519,076.54	1,870,000.00	-1,350,923.46	27.76%
6400 · STORM DAMAGE				
6401 · Storm Damage 2005	0.00	100,000.00	-100,000.00	0.0%
6402 · Zaca Fire Damage	30.00	0.00	30.00	100.0%
Total 6400 · STORM DAMAGE	30.00	100,000.00	-99,970.00	0.03%
7000 · LEGAL & LITIGATION				
7002 · Spec Counsel-FMP-BO EIS/R	34,215.99	100,000.00	-65,784.01	34.22%
Total 7000 · LEGAL & LITIGATION	34,215.99	100,000.00	-65,784.01	34.22%
7006 · INTEREST EXPENSE	594.63			
PAYROLL				
Gross	0.30			
Gross-CCRB	-0.14			
Total PAYROLL	0.16			
Total Expense	931,060.73	3,775,051.00	-2,843,990.27	24.66%
Net Income	272,807.26	-3,775,051.00	4,047,858.26	-7.23%

P.O. BOX 1098
NORTHRIDGE, CA 91328-1098**RECEIVED**

OCT 09 2007

CACHUMA O&M BOARD**This Statement Covers**From: 09/01/07
Through: 09/30/07CACHUMA OPERATION AND MAINTENANCE BOARD
3301 LAUREL CANYON RD
SANTA BARBARA CA 93105-2017
135537**Need assistance?**To reach us anytime,
call 1-800-788-7000
or visit us at wamu.comThe WaMu MasterCard® Gift Card is a back-to-school basic giving your star student the power to buy what they need. Go to wamu.com/giftcard and purchase one today. Check Web site for details. Gift Card is not FDIC insured.**Your Guaranteed Great Rate Money Market Detail Information****CACHUMA OPERATION AND MAINTENANCE BOARD**Account Number: 871-849343-4
Washington Mutual Bank, FAWaMu Insurance Services brings you a way to save on medical expenses for the whole family - PlanPlus offered by Stonebridge Benefit Services can save your family an average of 20% on pharmacy, 10-50% on dental, 10-60% on vision and more plus it's FREE for 2 Months! To learn more and find a provider near you visit wamuins.com or call (800) 708-2408.**Your Account at a Glance**

Beginning Balance	\$5,336.29	Interest Earned	\$31.16
Checks Paid	\$0.00	Annual Percentage Yield Earned	1.55%
Other Withdrawals	\$0.00	YTD Interest Paid	\$69.15
Deposits	+\$97,411.16	YTD Interest Withheld	\$0.00
Ending Balance	\$102,747.45		

MEMO TO: Board of Directors
Cachuma Operation & Maintenance Board**FROM:** Kathleen Rees, Secretary**SUBJECT:** COMB INVESTMENT POLICYThe above statement of investment activity for the month of September, 2007, 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 Washington Mutual Bank investments of this agency for the period indicated.
SecretaryITEM # 36
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P.O. BOX 1098
NORTHRIDGE, CA 91328-1098**RECEIVED**

OCT 09 2007

CACHUMA J&M BOARD**This Statement Covers**

From: 09/01/07

Through: 09/30/07

CACHUMA OPERATION AND MAINTENANCE BOARD
TRUST FUND
3301 LAUREL CANYON RD
SANTA BARBARA CA 93105-2017

135538

**Need assistance?**To reach us anytime,
call 1-800-788-7000or visit us at wamu.com

The WaMu MasterCard® Gift Card is a back-to-school basic giving your star student the power to buy what they need. Go to wamu.com/giftcard and purchase one today. Check Web site for details. Gift Card is not FDIC insured.

Your Guaranteed Great Rate Money Market Detail Information**CACHUMA OPERATION AND MAINTENANCE BOARD
TRUST FUND****Account Number: 871-849358-3
Washington Mutual Bank, FA**

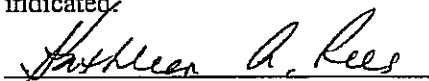
WaMu Insurance Services brings you a way to save on medical expenses for the whole family - PlanPlus offered by Stonebridge Benefit Services can save your family an average of 20% on pharmacy, 10-50% on dental, 10-60% on vision and more plus it's FREE for 2 Months! To learn more and find a provider near you visit wamuins.com or call (800) 708-2408.

Your Account at a Glance

Beginning Balance	\$118,004.16	Interest Earned	\$159.07
Checks Paid	\$0.00	Annual Percentage Yield Earned	1.65%
Other Withdrawals	\$0.00	YTD Interest Paid	\$810.15
Deposits	+\$159.07	YTD Interest Withheld	\$0.00
Ending Balance	\$118,163.23		

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 September, 2007, 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 Washington Mutual Bank investments of this agency for the period indicated.



Secretary

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2:56 PM
 10/16/07
 Accrual Basis

comb2
Payment of Claims
 As of September 30, 2007

Date	Num	Name	Memo	Split	Amount
1050 · GENERAL FUND					
9/4/2007	16380	Squidly's Car Wash	Vehicle wash/mtce	2200 · ACC...	-90.00
9/5/2007	16379	COMB - Revolving Fund	Sep payrolls/taxes	2200 · ACC...	-106,749.25
9/5/2007	16381	Acorn Landscape Manage...	Scheduled mtce	2200 · ACC...	-246.65
9/5/2007	16382	ACWA Services Corporati...	Sep EAP	2200 · ACC...	-47.46
9/5/2007	16383	B & B Surplus, Inc.	Pipe for conduit rehab PO#8759	2200 · ACC...	-371.62
9/5/2007	16384	Bedrock Building Supplies	Gravel	2200 · ACC...	-81.89
9/5/2007	16385	Boyle Engineering Corp.		2200 · ACC...	-20,995.82
9/5/2007	16386	Business Card		2200 · ACC...	-5,021.54
9/5/2007	16387	Cedant Web Hosting		2200 · ACC...	-19.94
9/5/2007	16388	CIO Solutions, Inc.	Support/GIS support	2200 · ACC...	-3,423.75
9/5/2007	16389	CMC Rescue, Inc		2200 · ACC...	-13,029.78
9/5/2007	16390	Coastal Copy	Monthly mtce KM5035 7/4-8/3/07	2200 · ACC...	-53.40
9/5/2007	16391	Crocker Refrigerator Heati...	Service call-AC main mobile	2200 · ACC...	-171.59
9/5/2007	16392	ECHO Communications	Answering service	2200 · ACC...	-61.20
9/5/2007	16393	Famcon Pipe & Supply	Gate valve/flange PO#8757	2200 · ACC...	-813.51
9/5/2007	16394	GE Capital	Copier lease Billing ID#90133603...	2200 · ACC...	-117.13
9/5/2007	16395	Home Depot Credit Services		2200 · ACC...	-96.36
9/5/2007	16396	Hydrex Pest Control Co.	Ant/pest control	2200 · ACC...	-65.00
9/5/2007	16397	J&C Services	8/3,10 ofc cleaning	2200 · ACC...	-250.00
9/5/2007	16398	Lane International Corpor...	Vault ladder w/handrail PO#8756	2200 · ACC...	-393.18
9/5/2007	16399	McCormix Corp.	Diesel fuel	2200 · ACC...	-169.22
9/5/2007	16400	McMaster-Carr Supply Co.	PVC PO#8758	2200 · ACC...	-57.88
9/5/2007	16401	Mid-State Concrete	Cover/concrete body/sealant PO#...	2200 · ACC...	-7,123.62
9/5/2007	16402	Nextel Communications	Cellular 7/19-8/18/07	2200 · ACC...	-402.31
9/5/2007	16403	OS Systems, Inc.	Dry suit repair PO#5031	2200 · ACC...	-48.63
9/5/2007	16404	Pacific Materials Laboratory	Compact soils testing	2200 · ACC...	-180.00
9/5/2007	16405	PG&E		2200 · ACC...	-177.00
9/5/2007	16406	Praxair Distribution	Grinding wheels/blades	2200 · ACC...	-67.19
9/5/2007	16407	Prudential Overall Supply		2200 · ACC...	-406.95
9/5/2007	16408	Reserve Account	Postage refill	2200 · ACC...	-500.00
9/5/2007	16409	Safety-Kleen Systems, Inc.	Regular service	2200 · ACC...	-208.85
9/5/2007	16410	Science Applications Inter...		2200 · ACC...	-3,039.38
9/5/2007	16411	Sound Billing LLC	Explorer service	2200 · ACC...	-64.22
9/5/2007	16412	Specialty Tool, LTD	Misc supplies	2200 · ACC...	-80.21
9/5/2007	16413	State Compensation Insur...	Payroll Report Aug 07	2200 · ACC...	-3,416.41
9/5/2007	16414	Tesco Controls, Inc.	Service Contract 7/31/07-7/30/08 ...	2200 · ACC...	-10,020.00
9/5/2007	16415	Tri-County Locksmiths	Re-key	2200 · ACC...	-30.00
9/5/2007	16416	Underground Service Alert	65 new tickets	2200 · ACC...	-104.00
9/5/2007	16417	UPS	Lending library return	2200 · ACC...	-6.44
9/5/2007	16418	Verizon Wireless	Cellular	2200 · ACC...	-196.60
9/5/2007	16419	Kathleen Rees	Aug reimb	2200 · ACC...	-43.70
9/5/2007	16420	C. Charles Evans	Aug mtg fees	2200 · ACC...	-132.85
9/5/2007	16421	Das Williams	Aug mtg fees	2200 · ACC...	-132.02
9/5/2007	16422	Fence Factory	Repair fence-Foothill Rd-Carp	2200 · ACC...	-775.00
9/5/2007	16423	Flowers & Associates, Inc.		2200 · ACC...	-10,508.85
9/5/2007	16424	GE Capital	Copier lease Billing ID#90133603...	2200 · ACC...	-427.77
9/5/2007	16425	J&C Services	8/17,24 ofc cleaning	2200 · ACC...	-250.00
9/5/2007	16426	Jan Abel	Aug mtg fees	2200 · ACC...	-137.70
9/5/2007	16427	June Van Wingerden	Aug mtg fees	2200 · ACC...	-141.72
9/5/2007	16428	Moreland & Associates	Gov't Accounting Training-Jg	2200 · ACC...	-140.00
9/5/2007	16429	Praxair Distribution		2200 · ACC...	-130.90
9/5/2007	16430	Republic Elevator	Schedule mtce	2200 · ACC...	-220.69
9/5/2007	16431	Southern California Edison	Main ofc/outyling stations	2200 · ACC...	-1,461.57
9/5/2007	16432	Quality Machine Shop	Prototype Isolation Valve & testin...	2200 · ACC...	-2,734.88
9/6/2007	16433	AT&T	Aug statement	2200 · ACC...	-191.16
9/6/2007	16434	Butera's	Solvent/floor mat/misc supplies	2200 · ACC...	-89.30
9/6/2007	16435	City of Santa Barbara-Rec...	Recycle 7/31-8/31/07	2200 · ACC...	-7.35
9/6/2007	16436	City of SB-Refuse	Refuse 7/31-8/31/07	2200 · ACC...	-153.19
9/6/2007	16437	COMB-Petty Cash	Replenish petty cash	2200 · ACC...	-239.19
9/6/2007	16438	Culligan Water	RO system Sep	2200 · ACC...	-20.95
9/6/2007	16439	Intuit, Inc.	COMB Gen Fund checks (Qty 500)	2200 · ACC...	-165.91

2:56 PM
 10/16/07
 Accrual Basis

comb2
Payment of Claims
 As of September 30, 2007

Date	Num	Name	Memo	Split	Amount
9/6/2007	16440	McMaster-Carr Supply Co.	PVC/rivets/rubber strips PO#8762	2200 · ACC...	-204.54
9/6/2007	16441	Milpas Rental	Jumping jack	2200 · ACC...	-111.24
9/6/2007	16442	Nargan Fire & Safety, Inc.	Fire hose fittings	2200 · ACC...	-153.01
9/6/2007	16443	Orchard Supply Hardware		2200 · ACC...	-385.97
9/6/2007	16444	Pacific Materials Laboratory	Compact soils testing-Lauro Res	2200 · ACC...	-160.00
9/6/2007	16445	Paychex, Inc.	8/10,24 payrolls/taxes	2200 · ACC...	-226.20
9/6/2007	16446	Staples Credit Plan	Office supplies	2200 · ACC...	-325.00
9/6/2007	16447	Tesco Controls, Inc.	Hard drive replacement	2200 · ACC...	-596.97
9/6/2007	16448	The Wharf	Rainsuits	2200 · ACC...	-482.63
9/11/2007	16449	ACWA Services Corp. (AS...	10/1-11/1/07 coverage	2200 · ACC...	-10,418.53
9/11/2007	16450	Caterpillar Financial Servi...	Backhoe lease Contract #001-025...	2200 · ACC...	-1,294.06
9/11/2007	16451	CDW Government, Inc.	Datatravelers PO#8764	2200 · ACC...	-115.05
9/11/2007	16452	CIO Solutions, Inc.	Support	2200 · ACC...	-1,485.00
9/11/2007	16453	Cushman Contracting Corp.		2200 · ACC...	-354,681.87
9/11/2007	16454	Fed Ex Kinko's, Inc.		2200 · ACC...	-35.77
9/11/2007	16455	Fleet Fueling	Fuel	2200 · ACC...	-1,652.71
9/11/2007	16456	MarBorg Industries		2200 · ACC...	-171.66
9/11/2007	16457	McCormix Corp.	Diesel fuel	2200 · ACC...	-103.24
9/11/2007	16458	Nordman, Cormany, Hair ...	Gen Counsel Aug services	2200 · ACC...	-3,908.50
9/11/2007	16459	Pitney Bowes Global Fina...	Postage meter lease 7/10-10/10/07	2200 · ACC...	-442.86
9/11/2007	16460	Santa Barbara Sand & To...	Fill sand	2200 · ACC...	-263.99
9/11/2007	16461	Southern California Edison	Glen Anne gate	2200 · ACC...	-15.44
9/11/2007	16462	Titan Industrial & Safety S...		2200 · ACC...	-1,616.26
9/11/2007	16463	Tri-Counties Training Sem...	Sustainability Topics seminar-DA/...	2200 · ACC...	-150.00
9/11/2007	16464	Verizon California		2200 · ACC...	-355.05
9/18/2007	16465	Verizon California	SCADA	2200 · ACC...	-511.55
9/18/2007	16466	Squidly's Car Wash	Vehicle wash/mtce	2200 · ACC...	-210.00
9/26/2007	16467	Pacific Capital Bank, N.A.	#13 of 16 Qrtly pymnt princ & int	2200 · ACC...	-14,965.26
Total 1050 · GENERAL FUND					-591,545.04
TOTAL					-591,545.04

CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

DATE: October 22, 2007
TO: Members of the Board of Directors
FROM: Kate Rees, General Manager
RE: **REPORT FROM THE AUDITOR FOR FISCAL YEAR 2006 AND 2007**

Recommendation:

That the Board of Directors accept the Financial Statements for the fiscal year ended June 30, 2007 and the Independent Auditor's Report.

Discussion:

Enclosed in your board package are copies of the Financial Statements for the Fiscal Year ending June 30, 2007 and the Independent Auditors' Report prepared by COMB's Auditor Bartlett, Pringle & Wolf, LLP.

I am pleased to report that the Financial Statements and Auditor's Report for fiscal year 2006-2007 has been completed within the normal 180 day timeframe and is presented here for your consideration. Danna McGrew and Stacey Hansen were greatly assisted in the preparation of the FY 2006-2007 Audit by Administrative Manager, Janet Gingras, and Administrative Assistant, Adelle Capponi.

I have reviewed the Management Discussion and Analysis, the Financial Statements, Notes to the Financial Statements, and the Independent Auditor's Report, and found everything to be acceptable. Ms. McGrew has advised us that her firm did not identify any management concerns or reportable conditions in conducting the audit.

The substantive portions of the FY 2006-2007 Audit and the Notes to the Financial Statements will be brought to your attention during discussion on this item at the Board meeting.

Respectfully submitted,



Kate Rees
General Manager

October 11, 2007

**To the Board of Directors
Cachuma Operation and Maintenance Board:**

In planning and performing our audit of the financial statements of Cahuma Operation and Maintenance Board (COMB) for the year ended June 30, 2007, we considered COMB's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the COMB's internal control. Accordingly, we do not express an opinion on the effectiveness of the COMB's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control during the prior year audit that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects COMB's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of COMB's financial statements that is more than inconsequential will not be prevented or detected by COMB's internal control.

Control Deficiencies

Support for Expense Reimbursements

During our testing of employee credit card purchases we noted four charges out of eighteen that were missing at least one receipt. Missing receipts were for meals and entertainment and for conference fees. We suggest that additional attention be paid to retaining and submitting receipts for credit card purchases.

Segregation of Duties

A small number of individuals have the primary responsibility for performing the majority of the accounting and financial duties. As a result, some of the aspects of internal control that rely upon adequate segregation of duties are missing. We recognize that it is not practical from a financial standpoint to employ additional personnel solely for the purpose of segregating duties. However, additional supervision and periodic review procedures could be put in place to help mitigate the lack of proper segregation of duties. The following are duties that should ideally be segregated:

Cash Receipts, Cash Disbursements and Bank Reconciliations

The Administrative Assistant processes cash receipts, cash disbursements and bank reconciliations. Additional controls that could be implemented include:

- A listing of cash receipts should be prepared by a person other than the Administrative Assistant; the listing of cash receipts should be forwarded to the Administrative Manager for comparison to the monthly bank reconciliations.
- Checks should be restrictively endorsed prior to forwarding them to the Administrative Assistant.

Purchasing and Receiving

The people placing orders for materials and supplies also receive the products. Ideally someone other than the person placing the order should receive the order.

Bank Reconciliations

We would like to reiterate the importance of the following controls currently in place in compensating for a lack of segregation of duties.

- The General Manager or a Board member receives the bank statements unopened and scans the checks for proper payees, endorsements and that the expenditures are in the ordinary course of business.
- The Administrative Manager reviews the bank reconciliations on a monthly basis for propriety and for unusual adjustments to cash.

Prior Year Comments

The following comments appeared in our prior year letter to you dated November 6, 2006:

Significant Deficiency

Journal Entry Approval

During our audit we noted that journal entries were not reviewed for accuracy and propriety by someone other than the preparer. To prevent possible misstatement, all entries should be reviewed and approved to ensure accurate recording and reporting of financial information. It is suggested that the Administrative Manager review and approve all journal entries prepared by the Administrative Assistant and that the General Manager review and approve all journal entries prepared by the Administrative Manager.

Current Status: Monthly journal entries are now prepared by the Administrative Assistant and reviewed by the Administrative Manager. Year end journal entries were prepared by the Administrative Manager but not reviewed. We suggest that the Administrative Manager review the year end journal entries with the General Manager so that the General Manager has sufficient understanding of the purpose of the entries to approve them.

Control Deficiency

Cancellation of Invoices

During our testing of disbursements, we observed that invoices are not cancelled on payment. Although the check stub is attached to the invoice after payment, there is a risk that the invoice could be separated from the check and resubmitted for payment. In order to prevent double payment, whether intentional or inadvertent, we recommend that invoices be stamped as paid or otherwise cancelled upon payment.

Current Status: During the audit for the year ended June 30, 2007 invoices were not cancelled after payment; however during the audit the client ordered a stamp to cancel invoices.

Conclusion

This communication is intended solely for the information and use of the Board, management, and others within COMB, and is not intended to be and should not be used by anyone other than these specified parties. This letter does not affect our report dated October, 2007 on the financial statements of Cachuma Operation and Maintenance Board.

We will review the status of the comments during our next audit engagement. We would be pleased to discuss these matters in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Cachuma Operation and Maintenance Board
October 11, 2007
Page 4

We would like to express our appreciation of the cooperation extended to us by COMB's staff during the course of our audit work. If you have any questions regarding the above issues, do not hesitate to call.

Very truly yours,

BARTLETT, PRINGLE & WOLF, LLP
Certified Public Accountants and Consultants

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**CACHUMA OPERATION
AND MAINTENANCE BOARD**

FINANCIAL STATEMENTS

June 30, 2007 and 2006



BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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CACHUMA OPERATION AND MAINTENANCE BOARD

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October 11, 2007

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of
Cachuma Operations and Maintenance Board**

We have audited the accompanying statement of net assets of Cachuma Operation and Maintenance Board ("COMB") as of June 30, 2007 and 2006 and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of COMB's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of COMB at June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Management's discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of COMB's management. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information included in the supplemental

schedules on pages 29 and 30 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of COMB's management. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

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**CACHUMA OPERATION AND MAINTENANCE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FISCAL YEAR ENDED JUNE 30, 2007

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This section presents management's analysis of the financial condition and activities of the Cachuma Operation and Maintenance Board (COMB) for the fiscal year ended June 30, 2007. This information should be read in conjunction with the financial statements and the additional information included herewith.

OVERVIEW OF THE FINANCIAL STATEMENTS

COMB operates as a proprietary fund-type. All proprietary fund-types are accounted for on a flow of economic resources measurement focus. Under this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net assets and where appropriate, total net assets (i.e., fund equity) are segregated into invested in capital and unrestricted net assets. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in total net assets.

All proprietary fund-types utilize the accrual basis of accounting. Under this method, revenues are recognized when earned, regardless of when received, and expenses are recognized at the time the related liabilities are incurred, regardless of when paid.

Summary of Organization and Business

COMB is a public entity duly organized and existing in accordance with enabling legislation of the State of California: Chapter 5, Division 7, Title 1, of the Government Code (Section 6500 et seq.), the Joint Exercise of Powers Act. COMB was officially established as a joint powers agency as of January 1, 1957 by and among six public agencies (Member Units) in Santa Barbara County, two of which have subsequently reorganized (merged). On May 23, 1996 the Joint Exercise of Powers Agreement (Agreement) for COMB was amended and restated. The Member Units entered into the Agreement to exercise their common power to provide for the rights to, the facilities of, and the operation, maintenance and use of the United States, Department of the Interior, Bureau of Reclamation project known as the Cachuma Project, including storage, treatment, transport and appurtenant facilities, and all necessary tangible and intangible property and rights. In particular, the Member Units expressed their desire to create COMB for the purpose of providing authority for the financing of "costs" for the capture, development, treatment, storage, transport and delivery of water; and for repayment of notes, bonds, loans, warrants, and revenue bonds as may be issued to finance facilities, operations or services.

COMB currently has a staff of 14 full time employees. Of these, four are employed in an administrative capacity and ten are in field operations.

**CACHUMA OPERATION AND MAINTENANCE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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COMB is presently composed of five Member Units, all of which are public agencies: the Carpinteria Valley Water District, the Goleta Water District, the Montecito Water District, the Santa Ynez River Water Conservation District Improvement District No. 1, and the City of Santa Barbara. (A founding Member Unit of COMB, the Summerland Water District, reorganized with the Montecito Water District, with Montecito Water District as the successor agency. Another founding Member Unit of COMB, the Santa Ynez River Water Conservation District, assigned its Member Unit water contract to the Santa Ynez River Water Conservation District, Improvement District No. 1.)

Under the Agreement, each of the five Member Units appoints a representative to the COMB Board of Directors. The following table shows each Member Unit's share of the Cachuma Project yield (water entitlement) and the number of votes each has on the Board of Directors:

<u>Member Unit</u>	<u>Entitlement Percentage</u>	<u>Board Representation</u>
Carpinteria Valley WD	10.94 %	1 vote
Goleta Water District	36.25 %	2 votes
Montecito Water District	10.31 %	1 vote
Santa Ynez RWCD ID No. 1	10.31 %	1 vote
City of Santa Barbara	32.19 %	2 votes
Total	100.00%	7 votes

Votes representing a majority of the number of votes authorized under the Agreement are required for the approval of any decision, other than adjournment, which requires action of the Board of Directors. Also, the affirmative vote of at least three representatives to the Board of Directors is necessary for the approval of such a decision. The unanimous consent of the representatives of all the Member Units is required for COMB to take action on the following matters:

1. Approval of a Cachuma Project Master Contract amendment, renewal or extension;
2. A matter involving water rights of any party;
3. Acquisition of significant facilities from the United States;
4. Issuance of bonds, loans or other forms of indebtedness in excess of one million (\$1,000,000) dollars.

A decision of COMB authorizing a capital expenditure in excess of one million dollars or incurring an indebtedness or obligation in excess of one million dollars is not effective unless it has been ratified by a resolution approved by all of the Member Units.

**CACHUMA OPERATION AND MAINTENANCE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Operating Assessments

Current operations of COMB are funded by assessment of the Member Units, with the assessments based on the Member Units' Cachuma Project entitlement percentages. All five Member Units fund the general and administrative portion of the annual budget as well as the cost of special projects (capital improvements, rehabilitation & betterment, maintenance & modifications, etc.) for Bradbury Dam and Lake Cachuma, the main Cachuma Project storage facility, located on the Santa Ynez River in northern Santa Barbara County.

Four of the Member Units, not including Santa Ynez River Water Conservation District, Improvement District No. 1, fund the operation and maintenance portion of the annual budget as well as the cost of special projects for other Cachuma Project storage and conveyance facilities that serve the South Coast of Santa Barbara County. These facilities include the Tecolote Tunnel, the South Coast Conduit (SCC), and four dams and reservoirs (Glen Anne, Lauro, Ortega and Carpinteria). During the year ended June 30, 2007 COMB conducted and/or completed a number of special studies and projects totaling just under \$1 million using revenue provided by these assessments. These included SCC improvement plans and life expectancy studies; and rehabilitation and betterment of control stations, valves and structures.

COMB Committees

COMB has five committees: Capital Improvements, Finance, Operations, Management and Public Relations. Each committee is composed of two Board members and one alternate Board member. Appointments to the committees are made by the President of the Board. The committees meet with staff on an as-needed basis and review and recommend actions to the Board of Directors with regard to capital improvements, finance and other matters.

**CACHUMA OPERATION AND MAINTENANCE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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FINANCIAL HIGHLIGHTS

The following table shows a condensed version of COMB's statement of net assets with corresponding analysis regarding significant variations.

Condensed Statement of Net Assets

	Year Ended		Variance	
	June 30, 2007	June 30, 2006	Dollars	Percent
Current Assets	\$ 2,059,488	\$ 967,099	\$ 1,092,389	113.0%
Restricted Assets	61,782	38,364	23,418	61.0%
Property, Plant & Equipment	264,389	242,755	21,634	8.9%
Other Assets	6,770,319	6,481,449	288,870	4.5%
Total Assets	\$ 9,155,978	\$ 7,729,667	\$ 1,426,311	18.5%
Current Liabilities	\$ 1,203,744	\$ 447,146	\$ 756,598	169.2%
Long-Term Liabilities	6,770,319	6,496,657	273,662	4.2%
Total Liabilities	7,974,063	6,943,803	1,030,260	14.8%
Net Assets				
Invested in Capital Assets	249,186	212,944	36,242	17.0%
Unrestricted	932,729	572,920	359,809	62.8%
Total Liabilities & Net Assets	\$ 9,155,978	\$ 7,729,667	\$ 1,426,311	18.5%

Statement of Net Assets Analysis

Total assets as of June 30, 2007 are \$9.16 million, or \$1.4 million more than the June 30, 2006 amount; the changes are discussed below.

- Current assets are approximately \$1.09 million more than the prior year amount primarily due to an increase in the carrying amount of cash in the Local Area Investment Fund. Cash and investments increased due to the current and prior year operating surpluses and an increase in accounts payable.
- Restricted assets are 61.0% more than the prior year due to an increase in the amount of Renewal Fund / Trust Fund bank accounts.

CACHUMA OPERATION AND MAINTENANCE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS

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Statement of Net Assets Analysis (Continued)

- The value of property, plant and equipment is slightly more than the prior year amount due to purchases of capital equipment, office furniture and computer equipment.
- Other assets are 4.5% more than the prior year amount due to the increase in long term assessments receivable affiliated with the Bradbury and Lauro Dam SOD Act repayment contracts.
- Current liabilities are \$0.76 million more than the prior year amount, primarily due to an increase in accounts payable along with revenues that have been deferred for the continuation of construction projects.
- Long term liabilities are \$0.27 million more than the prior year amount due to the increase in long term liabilities affiliated with the Bradbury and Lauro Dam SOD Act repayment contracts.

**CACHUMA OPERATION AND MAINTENANCE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The following table shows a condensed version of COMB's Statement of Revenues, Expenses and Changes in Net Assets, with corresponding analysis regarding significant variances.

	Year Ended		Variance	
	June 30, 2007	June 30, 2006	Dollars	Percent
Operating Revenues (Expenses):				
Operating Revenues	\$ 3,000,488	\$ 3,030,790	\$ (30,302)	-1.0%
Operating Expenses, excluding Depreciation Expense	(2,427,431)	(2,504,959)	77,528	-3.1%
Depreciation	(105,830)	(101,330)	(4,500)	4.4%
Operating Income	<u>467,227</u>	<u>424,501</u>	<u>42,726</u>	<u>10.1%</u>
Non-operating Revenues	45,131	21,281	23,850	112.1%
Non-operating Expenses	(116,307)	(122,145)	5,838	-4.8%
Change in Net Assets	<u>\$ 396,051</u>	<u>\$ 323,637</u>	<u>\$ 72,414</u>	<u>22.4%</u>

Statement Analysis

- Operating revenues as of June 30, 2007 are essentially about the same as the prior year amount.
- Operating expenses, excluding depreciation and amortization expense are about 3.1% lower than the prior year amount due primarily to fewer expenditures on special projects.
- Non-operating income was higher compared with the prior year primarily due to interest income.
- Non-operating expenses were consistent with the prior year and consisted primarily of the interest expense relating to the SOD Act contract payable.

**CACHUMA OPERATION AND MAINTENANCE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Capital Assets

The following table provides a summary of COMB's capital assets and changes from the prior year.

	Capital Assets		Variance	
	Year Ended		Dollars	Percent
	June 30, 2007	June 30, 2006		
Vehicles	\$ 291,883	\$ 241,944	\$ 49,939	20.6%
Office Furniture and Equipment	169,593	102,547	67,046	65.4%
Field Equipment	315,952	305,473	10,479	3.4%
Mobile Offices Used for Facilities	97,803	97,803	-	0.0%
Resurfacing	22,350	22,350	-	0.0%
Total Capital Assets	897,581	770,117	127,464	16.6%
Accumulated Depreciation	(633,192)	(527,362)	(105,830)	20.1%
Net Capital Assets	\$ 264,389	\$ 242,755	\$ 21,634	8.9%

Debt Administration

COMB and the Cachuma Project Authority (CPA) merged in 1996, with COMB as the successor agency. With this merger, COMB assumed responsibility for the oversight and payment of the Series 1993 CPA revenue bonds. However, the bonds are not recorded on the books of COMB because, under Joint Participation Agreements between COMB and three of the Member Units, these Member Units are obligated to make the bond principal and interest payments on behalf of COMB. The Series 1993 bonds were refinanced by COMB in the first quarter of fiscal year 2004/05.

COMB obtained \$220,000 in financing in fiscal year 2003/04 on behalf of one of its Member Units, the Carpinteria Valley Water District (District). This was for the District's portion of a special project assessment to fund the Bradbury Dam radial gates project. Repayment of the loan principal and interest associated with this financing is solely the responsibility of the District.

Under the terms and conditions of a repayment contract executed in 2002, COMB is responsible for payment to the United States of fifteen percent (15%) of the total amount of Safety of Dams (SOD) Act funds expended by the United States for structural stability and related work at Bradbury Dam. The debt total under the contract as executed is approximately \$6,791,000 plus interest and is to be repaid by annual payments over a 50-year period. COMB assesses the Member Units annually to collect the revenue for the payment due that year, with the assessments based on the Member Units' Cachuma Project entitlement percentages.

CACHUMA OPERATION AND MAINTENANCE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS

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Work activities related to the completion of the Bradbury SOD Act rehabilitation produced additional costs which increased the cost of the project by approximately \$2.5 million as of June 30, 2006. Fifteen percent of that total equals approximately \$365,803 which has been reflected in the long term liability obligation.

The funds expended from Reclamation through June 30, 2007 regarding the Lauro Dam rehabilitation project totaled approximately \$6,361,985. The fifteen percent obligation plus interest during construction equates to approximately \$1,060,000 for the Lauro SOD Act repayment debt which appears in the long term liability account.

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**CACHUMA OPERATION AND MAINTENANCE BOARD
STATEMENT OF NET ASSETS
June 30, 2007 and 2006**

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Current Assets		
Cash (Note 3)	\$ 877,440	\$ 40,773
Investments (Note 3)	994,744	739,854
Receivable from related entity (Note 13)	60,950	63,868
Prepaid insurance	11,601	11,559
Deposits	3,906	5,043
Current portion of accounts receivable (Note 5)	58,023	56,100
Current portion of SOD Act assessments receivable (Note 6)	52,824	49,902
Total current assets	<u>2,059,488</u>	<u>967,099</u>
Restricted Cash (Note 4)	<u>61,782</u>	<u>38,364</u>
Capital Assets (Note 7)		
Vehicles	291,883	241,944
Office furniture and equipment	169,593	102,547
Field equipment	315,952	305,473
Mobile offices used for facilities	97,803	97,803
Resurfacing	22,350	22,350
Subtotal	897,581	770,117
Less: accumulated depreciation	<u>(633,192)</u>	<u>(527,362)</u>
Capital assets, net	<u>264,389</u>	<u>242,755</u>
Other Assets		
Long-term accounts receivable (Note 5)	-	58,306
Long-term assessments receivable SOD Act (Note 6)	6,770,319	6,423,143
Total other assets	<u>6,770,319</u>	<u>6,481,449</u>
Total assets	<u>\$ 9,155,978</u>	<u>\$ 7,729,667</u>

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CACHUMA OPERATION AND MAINTENANCE BOARD
STATEMENT OF NET ASSETS
June 30, 2007 and 2006

LIABILITIES AND NET ASSETS

	<u>2007</u>	<u>2006</u>
Current Liabilities		
Accounts payable	\$ 588,484	\$ 226,343
Accrued wages	23	18
Accrued vacation and sick leave benefits	71,005	61,816
Payable to related entity (Note 4)	61,782	38,364
Deferred revenue	356,400	-
Current portion of capital lease (Note 8)	15,203	14,603
Current portion of note payable (Note 9)	58,023	56,100
Current portion of SOD Act contract payable (Note 6)	52,824	49,902
	<u>1,203,744</u>	<u>447,146</u>
Total current liabilities		
Long-Term Liabilities		
Capital lease, net of current portion (Note 8)	-	15,208
Note payable, net of current portion (Note 9)	-	58,306
SOD Act contract payable, net of current portion (Note 6)	6,770,319	6,423,143
	<u>6,770,319</u>	<u>6,496,657</u>
Total long-term liabilities		
Total liabilities	<u>7,974,063</u>	<u>6,943,803</u>
Commitments and Contingencies (Note 14)		
Net Assets		
Invested in capital assets, net of related debt	249,186	212,944
Unrestricted:		
Designated for Lauro Debris Basin Project	544,050	-
Designated to be constructively returned	388,679	572,920
	<u>1,181,915</u>	<u>785,864</u>
Total net assets	<u>\$ 1,181,915</u>	<u>\$ 785,864</u>

See accompanying notes

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CACHUMA OPERATION AND MAINTENANCE BOARD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating Revenues		
Operating assessments from member agencies	\$ 2,998,332	\$ 2,894,465
State disaster relief funds	2,156	131,998
Other revenues	-	4,327
	<u>3,000,488</u>	<u>3,030,790</u>
Operating Expenses		
Operation and maintenance of Cachuma Project		
Operation and maintenance	885,187	834,832
General and administrative	464,523	475,388
Litigation	112,507	58,748
Other maintenance	965,214	1,135,991
Depreciation	105,830	101,330
	<u>2,533,261</u>	<u>2,606,289</u>
Net Operating Income	<u>467,227</u>	<u>424,501</u>
Non-Operating Revenues (Expenses)		
Interest income	45,131	14,156
Interest expense	(116,307)	(122,145)
Gain on disposal of assets	-	7,125
	<u>(71,176)</u>	<u>(100,864)</u>
Change in Net Assets	396,051	323,637
Total Net Assets, Beginning of Year	<u>785,864</u>	<u>462,227</u>
Total Net Assets, End of Year	<u>\$ 1,181,915</u>	<u>\$ 785,864</u>

See accompanying notes

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CACHUMA OPERATION AND MAINTENANCE BOARD
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Cash Flows from Operating Activities</u>		
Cash received from member agencies	\$ 3,461,017	\$ 2,995,784
Cash received from Office of Emergency Services	2,156	148,397
Cash received from other sources	-	4,327
Cash payments to suppliers for operations	(1,429,226)	(1,770,361)
Cash payments to employees	(622,857)	(682,215)
Net cash provided by operating activities	<u>1,411,090</u>	<u>695,932</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Increase (decrease) in restricted assets	23,418	(357,777)
(Increase) decrease in deposits held for related entity	(23,418)	357,777
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition of capital assets	(127,464)	(66,429)
Proceeds from sale of assets	-	7,125
Payments on note payable	(57,309)	(55,676)
Payments on capital lease	(17,943)	(19,714)
Payments on SOD Act contract payable	(161,948)	(162,109)
Net cash flows used by capital and related financing activities	<u>(364,664)</u>	<u>(296,803)</u>
<u>Cash Flows From Investing Activities</u>		
Interest received	45,131	16,641
Purchase of investments	(3,176,890)	(2,153,924)
Proceeds from redemptions of investments	2,922,000	1,722,000
Net cash flows used by investing activities	<u>(209,759)</u>	<u>(415,283)</u>
Net Increase (decrease) in Cash	836,667	(16,154)
Cash and Cash Equivalents - Beginning of Year	<u>40,773</u>	<u>56,927</u>
Cash and Cash Equivalents - End of Year	<u>\$ 877,440</u>	<u>\$ 40,773</u>

See accompanying notes

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CACHUMA OPERATION AND MAINTENANCE BOARD
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Reconciliation of net operating income to net cash provided</u>		
<u>by operating activities</u>		
Net operating income	\$ 467,227	\$ 424,501
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation expense	105,830	101,330
Changes in operating assets and liabilities		
Receivable from related entity	2,918	(35,139)
Receivable from OES	-	16,399
Prepaid insurance	(42)	(2,541)
Deposits	1,137	(5,043)
Receivable from member unit	56,383	54,178
Current portion of SOD Act assessment receivable	49,902	47,141
Accounts payable	362,141	140,250
Accrued wages	5	(27,664)
Accrued vacation and sick leave benefits	9,189	(17,570)
Deferred revenue	356,400	-
Net cash provided by operating activities	<u>\$ 1,411,090</u>	<u>\$ 695,842</u>

See accompanying notes

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CACHUMA OPERATION AND MAINTENANCE BOARD **DRAFT**
NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Organization

The Cachuma Operation and Maintenance Board (COMB) is a joint powers agency organized to operate and maintain the water delivery system of the Cachuma Project located in Santa Barbara County. COMB's member agencies (Member Units) consist of five water purveyors as follows: Carpinteria Valley Water District, City of Santa Barbara, Goleta Water District, Montecito Water District, and Santa Ynez River Water Conservation District Improvement District No. 1.

The Member Units entered into a Joint Exercise of Powers Agreement to exercise their common power to provide for the rights to, the facilities of, and the operation, maintenance and use of the United States, Department of the Interior, Bureau of Reclamation project known as the Cachuma Project, including storage, treatment, transport and appurtenant facilities, and all necessary tangible and intangible property rights.

Note 2 - Summary of Significant Accounting Policies

A) Basis of Accounting

This report has been prepared in conformance with Accounting Principles Generally Accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). Additionally, COMB applies all Financial Accounting Standards Board statements and interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

COMB distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with COMB's principal ongoing operations. The principal operating revenues of COMB are assessments of the Member Units and grant monies received. Operating expenses for COMB include maintenance and administrative expenses, depreciation on capital assets and litigation costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

B) Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes demand deposits and money market accounts, but does not include restricted cash or funds invested in the Local Agency Investment Fund (LAIF).

C) Capital Assets

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is generally 5 years. Title to the assets of the Cachuma Project is with the United States of America; the assets are not recorded as assets of COMB. Costs relating to capital improvements, rehabilitation, betterment, maintenance and modifications are therefore reported as expenditures when incurred by COMB.

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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Note 2 - Summary of Significant Accounting Policies (Continued)

D) Investments

Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

E) Accrued Vacation and Sick Pay

Employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences vest and accumulate and are accrued when they are earned.

F) Deferred Revenue

Deferred revenue consists of operating assessments collected from member units for use on projects that have not been completed but have open task orders for the work to be completed. Deferred revenue is recognized in the amount of the open task orders.

G) Unspent Operating Assessments

The operating assessments represent amounts received from COMB's Member Units to fund current operations. To the extent that revenues exceed expenses in a given year, they are constructively returned to the Member Units in subsequent years. Thus, the current year's unrestricted net assets will be used to reduce operating assessments required from the Member Units in future periods.

H) Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. COMB's principal areas that include estimates are the liabilities and related receivables for Safety of Dams Act construction in process and the lives of capitalized assets. Actual results could differ from those estimates.

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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Note 3 - Cash and Investments

Cash

At June 30, 2007 and 2006 the carrying amounts of cash in banks was \$877,040 and \$40,773 and the corresponding bank balances were \$890,059 and \$88,190, respectively. Of the bank balances at June 30, 2007 and 2006, \$100,000 and \$88,190, respectively, were covered by federal depository insurance and \$790,059 for 2007, were secured with collateral. The California Government Code requires all California financial institutions to secure a local government agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of an agency's deposits. California law also allows financial institutions to secure agency deposits by pledging first trust deed mortgage notes having a value of 150% of the agency's total deposits. All COMB cash held by a financial institution is, therefore, entirely insured and collateralized.

Investments

Under the provisions of COMB's investment policy, the agency may invest in state or national banks, state or federal saving and loan associations, the State of California Local Agency Investment Fund (LAIF), or may invest as provided in the California Government Code.

In accordance with governmental accounting standards, investments are categorized by level of credit risk assumed at year end. Category 1 includes investments that are insured or registered or for which the securities are held by COMB or its agency in COMB's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in COMB's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, by its trust department or agency but not in COMB's name. All of COMB's investments are non-categorized at June 30, 2007 and 2006.

Short-term investments consist of deposits with the LAIF, a fund established by the State of California to assist local agencies in the achievement of maximum earnings. The interest rate on the LAIF deposit varies. For the years ended June 30, 2007 and 2006, the average earnings rate was approximately 5% and 4%, respectively. The amounts on deposit as of June 30, 2007 and 2006 were \$994,744 and \$739,854, respectively.

Investment Risk

GASB Statement No. 40 requires a determination as to whether COMB was exposed to the following investment risks at the year end and if so, the reporting of certain related disclosures:

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, COMB was not significantly exposed to credit risk.

At June 30, 2007, COMB's investments, other than those which are obligations of or guaranteed by the U.S. Government, are rated as to credit quality as follows:

<u>Investment</u>	<u>S&P Rating</u>
Local Agency Investment Fund (LAIF)	Not rated

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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Note 3 - Cash and Investments (Continued)

Custodial Credit Risk— Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in COMB's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in COMB's name.

At year end, COMB was not exposed to custodial credit risk.

Concentration of Credit Risk – This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, COMB was not exposed to concentration of credit risk.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, COMB was not exposed to interest rate risk.

Foreign Currency Risk— This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, COMB was not exposed to foreign currency risk.

Note 4 - Restricted Cash

The Cachuma Project Renewal Fund (Renewal Fund) and Cachuma Project Trust Fund (Trust Fund) are two separate funds that have been established through contracts with the U.S. Bureau of Reclamation (Reclamation).

The Trust Fund is a requirement of the Warren Act contract that the Central Coast Water Authority (CCWA) negotiated with Reclamation for the use of the Cachuma Project for transport of State Water Project (SWP) water through Cachuma Project facilities. The memorandum of understanding (MOU) creating the Trust Fund established a two person Fund Committee and an Advisory Committee. One member of the Fund Committee is appointed by the Member Units through COMB or CCRB. The other member of the Fund Committee is appointed by Santa Barbara County Board of Supervisors from the County Water Agency.

The Renewal Fund is a requirement of the Cachuma Project Renewal Master Contract for water service from the Cachuma Project to the five Cachuma Project Member Units. The Cachuma Project Renewal Master Contract is mostly silent on the process for managing the Renewal Fund, other than stating that the Fund Committee must agree on its use.

Both the Trust Fund and the Renewal Fund require annual and five-year plans. Reclamation and the Cachuma Project Member Units agreed to use the committee process for both funds and to have common annual and five-year plans. To date the annual and five-year plans have called for the funds to be used for environmental studies and projects related to the Cachuma Project water rights hearings before the State Water Resources Control Board. COMB manages both the Trust Fund and the Renewal Fund accounts.

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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Note 4 - Restricted Cash (Continued)

Summary of restricted cash as of June 30:

	2007	2006
Trust Fund	\$ 56,455	\$ 33,320
Renewal Fund	5,327	5,044
Total Restricted Cash	\$ 61,782	\$ 38,364

Note 5 - Accounts Receivable

In 2004 COMB obtained financing on behalf of Carpinteria Valley Water District for a portion of the special project assessment relating to the Bradbury Dam radial gates project. Carpinteria Valley Water District is solely responsible for the repayment of the loan principal and interest associated with the financial arrangement. See Note 9 for the terms and payment schedule of the loan. Management deems the accounts receivable to be fully collectable.

Note 6 - SOD Act Assessments Receivable and Contract Payable

Bradbury Dam

On July 1, 2002, COMB executed a repayment contract with U.S. Bureau of Reclamation in the Department of Interior of the United States (Reclamation). Under the terms of the agreement and in accordance with the United States Safety of Dams (SOD) Act, COMB will reimburse Reclamation for fifteen percent (15%) of the total amount of SOD Act funds expended by Reclamation to preserve the structural integrity of Bradbury Dam and related Cachuma Project facilities.

COMB entered into a repayment contract with Reclamation when the project was deemed to be substantially complete. The repayment contract, as executed, calls for a repayment of 15% of a total cost of \$45,276,008 or approximately \$6,791,000 plus interest, as appropriate, over a 50-year period. The repayment obligation has been allocated fifty-one and three tenths percent (51.3%) to irrigation uses (Irrigation Allocation) or \$3,483,989, and forty eight and seven tenths percent (48.7%) to municipal and industrial (M&I) uses (M&I Allocation) or \$3,307,412. The Irrigation allocation bears no interest and repayment commences in fiscal year end 2017. The M&I Allocation balance due during the construction period accrued interest in the amount of \$325,477. During construction COMB made advances in the amount of \$1,496,148 that were applied against the M&I Allocation amounts. Accounting for advances made by COMB during construction, the balance due under the M&I Allocation contract was \$2,136,741.

COMB will assess the Member Units annually amounts equal to the obligation due Reclamation. The annual payment requirements at June 30, 2007 to retire the contract as of June 30, 2052, including interest payments at 5.856%, are presented in the following table. This table does not include adjustments that will be made to the Bradbury Dam repayment contract due to additional incurred costs or for payments that will be required under the Lauro Dam repayment contract.

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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Note 6 - SOD Act Assessments Receivable and Contract Payable (Continued)

	M&I Allocation		Irrigation Allocation	Total
	Principal	Interest		
2008	\$ 52,824	\$ 112,046	\$ -	\$ 164,870
2009	55,917	108,953	-	164,870
2010	59,192	105,678	-	164,870
2011	62,658	102,212	-	164,870
2012	66,328	98,542	-	164,870
2013-2017	394,654	429,696	96,777	921,127
2018-2022	524,558	299,792	483,888	1,308,238
2023-2027	697,221	127,129	483,887	1,308,237
2028-2032	-	-	483,888	483,888
2033-2037	-	-	483,887	483,887
2038-2042	-	-	483,888	483,888
2043-2047	-	-	483,887	483,887
2048-2052	-	-	483,887	483,887
	<u>\$ 1,913,352</u>	<u>\$ 1,384,048</u>	<u>\$ 3,483,989</u>	<u>\$ 6,781,389</u>

The interest expense for the SOD Act contract payable was \$112,046 and \$114,968 for the year ended June 30, 2007 and 2006, respectively.

The total cost of the Bradbury Dam SOD Act project is to be reevaluated and the repayment agreement amended as necessary by Reclamation and COMB when all phases of the work are completed. Total project costs as of June 30, 2007 were \$47,794,047, \$2,518,039 higher than the total cost authorized under the repayment contract. It is management's opinion that COMB will be responsible for reimbursing Reclamation 15% of the total construction costs in excess of the costs per the original repayment contract. As of June 30, 2007, an additional liability of \$365,802 was recorded for construction cost incurred in excess of the original repayment agreement. This is an estimate based on management's best judgment which may be adjusted as more current information becomes available.

Reclamation can also reevaluate the ability of COMB's Member Units to repay the Irrigation Allocation every five years, commencing in fiscal year end 2008. No adjustment has been made to the Irrigation Allocation balance to reflect a discount due to the non-interest bearing feature of the contract.

Lauro Dam

On March 21, 2007, COMB executed a repayment contract with U.S. Bureau of Reclamation in the Department of Interior of the United States (Reclamation). Under the terms of the agreement and in accordance with the United States Safety of Dams (SOD) Act, COMB will reimburse Reclamation for fifteen percent (15%) of the total amount of SOD Act funds expended by Reclamation to preserve the structural integrity of Lauro Dam and reservoir; total costs not to exceed \$17,314,125. The primary contract for construction of the modification project was awarded by Reclamation in September 2005 and the work was deemed substantially complete in February 2007.

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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Note 6 - SOD Act Assessments Receivable and Contract Payable (Continued)

The repayment obligation has been allocated fifty and seventy two one hundredths percent (50.72%) to irrigation uses (Irrigation Allocation), and forty nine and twenty eight hundredths percent (49.28%) to municipal and industrial (M&I) uses (M&I Allocation). The Irrigation allocation bears no interest and repayment commences October 2017. The M&I Allocation, plus interest during construction, will accrue interest at approximately 4.5% and repayment will commence October 1, 2008.

As of June 30, 2007, Reclamation has expended \$6,361,985 on the Lauro Dam SOD Act modification project; this is substantially less than projected cost in the original repayment agreement of \$17,314,125. A liability of \$1,060,000 is recorded at June 30, 2007 for repayment of COMB's portion of the project cost to date, which is 15% of total costs, plus estimated interest during construction. This is an estimate based on management's best judgment which may be adjusted as more current information becomes available. COMB will assess the Member Units annually amounts equal to the obligation due Reclamation.

Management deems the assessments receivable related to the Bradbury and Lauro Dams SOD Act projects to be fully collectable. The total SOD Act liability at June 30, 2007 is composed of the following:

Bradbury Dam repayment contract:	
M&I principal	\$ 1,913,352
Irrigation principal	3,483,989
	5,397,341
Total Bradbury Dam repayment contract obligation excluding interest	5,397,341
Bradbury Dam liability for 15% of additional costs incurred over repayment contract	365,802
	5,763,143
Total Bradbury Dam SOD Act liability	5,763,143
Lauro Dam liability for 15% of construction costs plus interest during construction	1,060,000
	6,823,143
Total SOD Act liability	6,823,143
Less current portion	(52,824)
	6,770,319
Long-term portion of SOD Act liability	\$ 6,770,319

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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Note 7 - Capital Assets

The following is a summary of capital assets which include property, plant and equipment at June 30, 2007 and 2006.

	Beginning Balance 2007	Additions	Deletions	Ending Balance 2007
Vehicles	\$ 241,944	\$ 49,939	\$ -	\$ 291,883
Office furniture and equipment	102,547	67,046	-	169,593
Field equipment	305,473	10,479	-	315,952
Mobile offices used for facilities	97,803	-	-	97,803
Resurfacing	22,350	-	-	22,350
Total capital assets	770,117	127,464	-	897,581
Less accumulated depreciation and amortization	(527,362)	(105,830)	-	(633,192)
Net capital assets	\$ 242,755	\$ 21,634	\$ -	\$ 264,389

	Beginning Balance 2006	Additions	Deletions	Ending Balance 2006
Vehicles	\$ 231,648	\$ 30,749	\$ (20,453)	\$ 241,944
Office furniture and equipment	113,041	13,440	(23,934)	102,547
Field equipment	284,120	22,239	(886)	305,473
Mobile offices used for facilities	97,803	-	-	97,803
Resurfacing	22,350	-	-	22,350
Total capital assets	748,962	66,428	(45,273)	770,117
Less accumulated depreciation and amortization	(469,876)	(101,330)	43,844	(527,362)
Net capital assets	\$ 279,086	\$ (34,902)	\$ (1,429)	\$ 242,755

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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Note 8 - Capital Lease Obligation

COMB leases the following equipment under an agreement accounted for as a capital lease obligation as of June 30:

	2007	2006
Caterpillar Backhoe Loader payment is due in monthly installments of \$1,294, including interest at 4%; final payment is due in May, 2008. The equipment has a recorded value of \$70,501 with accumulated depreciation of \$57,521 and \$43,421 as of June 30, 2007 and 2006, respectively	\$ 15,203	\$ 29,811
Less current portion	(15,203)	(14,603)
Long-term portion	\$ -	\$ 15,208

The following is a schedule of the minimum payments required under the lease together with the present value at June 30, 2007:

2007	\$ 15,534
Total minimum lease payments	15,534
Amount representing interest	(331)
Present value of lease obligation	\$ 15,203

Interest expense on the capital lease for the year ended June 30, 2007 and 2006 was \$926 and \$1,498, respectively. Total depreciation expense for this equipment for the years ended June 30, 2007 and 2006 was \$14,100.

Note 9 - Note Payable

On January 20, 2004 COMB entered into an unsecured interest only loan agreement for \$220,000 with Santa Barbara Bank and Trust. On June 30, 2004 the loan converted to a fully amortizing loan with sixteen quarterly principal and interest payments of \$14,965 each, beginning September 30, 2004, with interest at 4.0% calculated on the unpaid principal balances.

The future principal payments as of June 30, 2007 are summarized as follows:

2008	\$ 58,023
Total note payable	58,023
Current portion	(58,023)
Long term portion	\$ -

Interest expense for this loan for the years ended June 30, 2007 and 2006 was \$3,761 and \$5,679, respectively.

CACHUMA OPERATION AND MAINTENANCE BOARD

NOTES TO THE FINANCIAL STATEMENTS

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Note 9 - Note Payable (Continued)

Changes in long term debt amounts for years ended June 30, 2007 and 2006 were as follows:

	<u>Beginning Balance 2007</u>	<u>Addition</u>	<u>Principal Payments</u>	<u>Ending Balance 2007</u>
Santa Barbara Bank & Trust	\$ 114,406	\$ -	\$ 56,383	\$ 58,023
SOD Act Liabilities	6,473,045	400,000	49,902	6,823,143
	<u>\$ 6,587,451</u>	<u>\$ 400,000</u>	<u>\$ 106,285</u>	<u>\$ 6,881,166</u>
	<u>Beginning Balance 2006</u>	<u>Addition</u>	<u>Principal Payments</u>	<u>Ending Balance 2006</u>
Santa Barbara Bank & Trust	\$ 168,584	\$ -	\$ 54,178	\$ 114,406
SOD Act Liabilities	5,494,384	1,025,802	47,141	6,473,045
	<u>\$ 5,662,968</u>	<u>\$ 1,025,802</u>	<u>\$ 101,319</u>	<u>\$ 6,587,451</u>

Note 10 - Joint Powers Insurance Authority

COMB participates in the property and liability program organized by the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA). Employees working for COMB receive the benefits of this plan through the employee services agreement. ACWA/JPIA is a Joint Powers Authority created to provide a self-insurance program to water agencies in the State of California. The ACWA/JPIA is not a component unit of COMB for financial reporting purposes, as explained below.

ACWA/JPIA provides liability, property and workers' compensation insurance for approximately 300 water agencies for losses in excess of the member agencies specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial carriers. ACWA/JPIA is governed by a board comprised of members from participating agencies. The board controls the operations of ACWA/JPIA, including selection of management and approval of operating budgets, independent of any influence by the members beyond the representation on the board. Each member shares surpluses and deficiencies proportionately to its participation in ACWA/JPIA.

Additional information and complete financial statements for the ACWA/JPIA are available for public inspection at 5620 Birdcage Street, Suite 200, Citrus Heights, CA, between the hours of 8 a.m. and 5 p.m., Monday through Friday.

CACHUMA OPERATION AND MAINTENANCE BOARD **DRAFT**
NOTES TO THE FINANCIAL STATEMENTS

Note 11 - Defined Benefit Pension Plan

Plan Description

COMB contributes to the California Public Employees Retirement System Miscellaneous 2% at 55 Risk Pool, a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System ("CalPERS"). A menu of benefit provisions, as well as other requirements, is established by State statutes within California Public Employee Retirement Law. COMB selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through the Board of Directors' (the "Board") authorization.

CalPERS issues a separate comprehensive annual financial report for the Miscellaneous 2% at 55 Risk Pool. Copies of the annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members in the COMB defined benefit plan (the "Plan") are required to contribute 7% of their annual covered salary. COMB pays this amount to CalPERS on behalf of their employees. The required employer contribution rates for 2007 and 2006 were 9.84% and 9.62%, respectively. The contribution requirements of the Plan's members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For the years ended June 30, 2007 and 2006, COMB's annual pension cost (APC) of \$152,884 and \$153,730, respectively, was equal to COMB's required and actual contributions. The required contribution for the years ended June 30, 2007 and 2006, was determined as part of the actuarial valuation using the entry-age-normal-actuarial-cost method, with the contributions determined as percentage of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.25% to 14.45% a year compounded annually, depending on age, service, and type of employment, attributable to inflation, and (c) merit increases. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a fifteen-year period. CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over 20 years.

Three-year trend information for CalPERS:

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005	\$ 69,117	100%	\$ -
2006	153,730	100%	-
2007	152,884	100%	-

NOTES TO THE FINANCIAL STATEMENTS

Note 12 - Deferred Compensation Plan

COMB offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, available to employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are maintained (until paid or made available to the participant or beneficiary) in a trust account administered by State Street Bank and Trust. Participants have sole rights under the plan in an amount equal to the fair market value of the deferred for each participant. Contributions made by COMB for the employees to the plan for the years ended June 30, 2007 and 2006 were \$108,643 and \$52,337, respectively.

Note 13 - Related Party Transactions

The Member Units of COMB are the same as the Member Units of another joint powers agency, the Cachuma Conservation and Release Board (CCRB), with the exception of the Santa Ynez Water Conservation District Improvement District No. 1 (ID#1), which is not a voting member of CCRB.

COMB has an Employee Services Agreement with CCRB and ID#1. The costs of materials and supplies, and salaries and related benefits for services performed by COMB under the Employee Services Agreement are recorded by CCRB as operating expenses. CCRB assesses its Member Units to fund 89.69% of this obligation and receives the 10.31% balance from ID#1, in accordance with provisions of the Employee Services Agreement. These items are not shown as operating expenses in these financial statements. As of June 30, 2007 and 2006, CCRB owed COMB \$60,950 and \$63,868, respectively for these services.

COMB receives and remits the Restricted Cash as described in Note 4 to CCRB.

Note 14 - Commitments and Contingencies**Legal Proceedings**

COMB is involved in certain matters of litigation that have arisen in the course of conducting business. There is one case of pending litigation. While it is not possible to predict the outcome, it is the opinion of management and its legal counsel that the proceedings will not have a material adverse effect on the financial statements of COMB.

1993 Cachuma Project Authority Bonds

In 1996 COMB merged with the Cachuma Project Authority (CPA) and as a result of this merger COMB became the agency responsible for the oversight and payment of the 1993 CPA bonds. These bonds have not been recorded on the books of COMB since three of the Member Units are obligated under Joint Participation Agreements to make the principal and interest payments on behalf of COMB.

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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Note 14 - Commitments and Contingencies (Continued)

1993 Cachuma Project Authority Bonds (Continued)

On August 19, 2004, COMB refinanced the 1993 CPA bonds with the 2004 Cachuma Operation and Maintenance Board Bonds ("Bonds") for \$4,480,000 at varying interest rates from 3.000% to 4.625% on behalf of three Member Units. Each of the three Member Unit participants has entered into one or more joint participation agreements with COMB pursuant to which the Member Unit is obligated to make certain payments to COMB with respect to certain additions, betterments, extensions or improvements to such Member Unit's water system. Such payments, when received by or on behalf of COMB, will constitute revenues pledged to secure the payment of the principal of and interest on the Bonds.

Task Orders

There were two open task orders at June 30, 2007 for a total of \$356,400.

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SUPPLEMENTAL INFORMATION

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CACHUMA OPERATION AND MAINTENANCE BOARD
SUPPLEMENTAL SCHEDULE OF OPERATION AND MAINTENANCE,
GENERAL AND ADMINISTRATIVE AND OTHER MAINTENANCE EXPENSE
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operation and Maintenance Expense		
Salaries and benefits	\$ 668,744	\$ 663,240
Contract labor	100,874	64,796
Equipment	7,032	4,666
Equipment rental	7,123	3,923
Materials and supplies	38,428	35,785
Vehicle maintenance	30,362	26,050
Other expenses	32,624	36,372
Total operation and maintenance expense	<u>\$ 885,187</u>	<u>\$ 834,832</u>
General and Administrative Expense		
General manager's salary	\$ 42,000	\$ 87,535
Administrative manager's salary	77,650	69,466
Administrative assistant's salary	51,440	51,283
Accrued wages and vacation	8,161	2,203
Directors fees and expense	11,541	12,515
Legal and audit	64,023	61,922
Liability insurance	37,403	35,046
Health insurance and workers compensation	52,243	46,737
Retirement plan contributions	28,463	33,974
Payroll tax expense	13,902	19,543
Office supplies and expense	6,186	8,557
Administrative travel and conferences	5,168	4,401
Membership dues	5,111	4,654
Employee training	2,180	2,285
Public information	131	120
Other expenses	58,921	35,147
Total general and administrative expense	<u>\$ 464,523</u>	<u>\$ 475,388</u>
Other Maintenance Expense		
Flow meter upgrades and SCADA system	23,041	44,339
Seismic consultant	-	1,200
COMB office / garage building	45,033	62,523
SCC improvement plan and design	155,862	66,471
SCC life expectancy study	-	75,401
SCC Valves and control station rehabilitation	355,670	469,553
SCC structure rehabilitation	321,422	275,446
Bradbury Dam Radial Gates project	-	2,966
GIS and mapping	30,463	14,275
Storm damage	6,856	109,749
Lauro debris basin	19,253	14,068
Integrated Regional Water Management Plan	7,614	-
Total other maintenance expense	<u>\$ 965,214</u>	<u>\$ 1,135,991</u>

See accompanying notes

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CACHUMA OPERATION AND MAINTENANCE BOARD
SUPPLEMENTAL SCHEDULE OF OPERATION AND MAINTENANCE, GENERAL AND ADMINISTRATIVE,
OTHER MAINTENANCE EXPENSE AND OTHER BUDGETED EXPENSES
ACTUAL TO BUDGET
For the Year Ended June 30, 2007

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
Operation and Maintenance Expense				
Salaries and benefits	\$ 705,332	\$ 705,332	\$ 668,744	\$ 36,588
Contract labor	95,000	95,000	100,874	(5,874)
Equipment	65,000	65,000	7,032	57,968
Equipment rental	23,000	23,000	7,123	15,877
Materials and supplies	50,000	50,000	38,428	11,572
Vehicle maintenance	30,000	30,000	30,362	(362)
Other expenses	47,990	47,990	32,624	15,366
Total operation and maintenance expense	\$ 1,016,322	\$ 1,016,322	\$ 885,187	\$ 131,135
General and Administrative Expense				
General manager's salary	\$ 42,993	42,993	\$ 42,000	\$ 993
Administrative manager's salary	77,615	77,615	77,650	(35)
Administrative assistant's salary	51,442	51,442	51,440	2
Accrued wages and vacation	-	-	8,161	(8,161)
Directors fees and expense	10,840	10,840	11,541	(701)
Legal and audit	92,000	92,000	64,023	27,977
Liability insurance	38,000	38,000	37,403	597
Health insurance and workers compensation	47,399	47,399	52,243	(4,844)
Retirement plan contributions	28,632	28,632	28,463	169
Payroll tax expense	21,499	21,499	13,902	7,597
Office supplies and expense	14,750	14,750	6,186	8,564
Administrative travel and conferences	5,000	5,000	5,168	(168)
Membership dues	6,150	6,150	5,111	1,039
Employee training	4,500	4,500	2,180	2,320
Public information	2,000	2,000	131	1,869
Other expenses	28,500	28,500	58,921	(30,421)
Total general and administrative expense	\$ 471,320	\$ 471,320	\$ 464,523	\$ 6,797
Other Maintenance Expense				
Flow meter upgrades and SCADA system	60,000	60,000	23,041	36,959
COMB office / garage building	50,000	50,000	45,033	4,967
SCC improvement plan and design	300,000	300,000	155,862	144,138
SCC Valves and control station rehabilitation	600,000	600,000	355,670	244,330
SCC structure rehabilitation	400,000	400,000	321,422	78,578
GIS and mapping	100,000	100,000	30,463	69,537
Storm damage	100,000	100,000	6,856	93,144
Lauro debris basin	-	-	19,253	(19,253)
Integrated Regional Water Management Plan	30,000	37,710	7,614	30,096
Total other maintenance expense	\$ 1,640,000	\$ 1,647,710	\$ 965,214	\$ 682,496
Other Budgeted Expenses				
Litigation	\$ 100,000	\$ 100,000	\$ 112,507	\$ (12,507)

See accompanying notes
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CACHUMA OPERATION AND MAINTENANCE BOARD
WATER STORAGE REPORT

MONTH: **September 2007**

GLEN ANNIE RESERVOIR

Capacity at 385' elevation:	518 Acre Feet
Capacity at sill of intake at 334' elevation:	21 Acre Feet
Stage of Reservoir Elevation	355.50 Feet
Water in Storage	152.86 Acre Feet

LAURO RESERVOIR

Capacity at 549' elevation:	600 Acre Feet
Capacity at sill of intake at 512' elevation:	84.39 Acre Feet
Stage of Reservoir Elevation	545.80 Feet
Water in Storage	525.56 Acre Feet

ORTEGA RESERVOIR

Capacity at 460' elevation:	65 Acre Feet
Capacity at outlet at elevation 440':	0 Acre Feet
Stage of Reservoir Elevation	452.40 Feet
Water in Storage	34.76 Acre Feet

CARPINTERIA RESERVOIR

Capacity at 384' elevation:	45 Acre Feet
Capacity at outlet elevation 362':	0 Acre Feet
Stage of Reservoir Elevation	376.30 Feet
Water in Storage	27.27 Acre Feet

TOTAL STORAGE IN RESERVOIRS

Change in Storage	-11.08 Acre Feet
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CACHUMA RESERVOIR

Capacity at 750' elevation:	188,030 Acre Feet
Capacity at sill of tunnel 660' elevation:	26,109 Acre Feet

Stage of Reservoir Elevation	729.08 Feet
Water in Storage	132,392 AF
Area	2,343
Evaporation	1,050.8 AF
Inflow	-0.2 AF
Downstream Release WR8918	1951.5 AF
Fish Release	604.6 AF
Spill/Seismic Release	0 AF
State Project Water	763.9 AF
Change in Storage	-6,231 AF
Tecolote Diversion	3,421.2 AF

06-07 ENTITLEMENT

CACHUMA OPERATION AND MAINTENANCE BOARD
 WATER PRODUCTION AND WATER USE REPORT
 FOR THE MONTH OF SEPTEMBER 2007 AND THE WATER YEAR TO DATE

(All in rounded Acre Feet)

	MONTH					YTD
	TOTAL					TOTAL
WATER PRODUCTION:						
Cachuma Lake (Tec. Diversion)	3,421					32,795
Tecolote Tunnel Infiltration	178					1,959
Glen Anne Reservoir	0					0
Cachuma Lake (County Park)	8					84
State Water Diversion Credit	764					5,177
Gibraltar Diversion Credit	0					0
Bishop Ranch Diversion	0					100
Meter Reads	2,667					27,360
So. Coast Storage gain/(loss)	(11)					(30)
Total Production	3,607					34,838
Total Deliveries	3,420					32,608
Unaccounted-for	187					2,230
% Unaccounted-for	5.19%					6.40%
	GWD	SB CITY	MWD	CVWD	SYRWCD	TOTAL
WATER USE:	I.D. #1					
M&I	736	1,254	205	80	8	2,283
Agricultural	208	0	58	119	0	384
TOTAL FOR MONTH	944	1,254	262	199	8	2,667
Same Mo/prev. yr	1,335	577	432	404	13	2,761
M&I Yr to date	9,036	10,583	1,994	1,443	83	23,139
Ag. Yr to date	2,356	0	432	1,429	0	4,216
TOTAL YTD	11,392	10,583	2,425	2,872	83	27,355
USAGE % YTD	76.5%	67.6%	66.9%	58.0%	28.9%	69.4%
Previous Year/YTD	11,706	5,849	3,455	2,755	80	23,845
Evaporation	0	0	0	0	0	0
Evaporation, YTD	58	199	6	44	0	307
Entitlement	9,322	8,277	2,651	2,813	2,651	25,714
Carryover	4,884	6,790	715	1,836	0	14,225
Carryover Balances Spilled YTD	0	0	0	0	0	0
Surplus^^	0	0	0	0	0	0
State Water Exchange^	851	567	567	379	(2,364)	0
Transfers*/Adjustment***	(90)	390	(300)	0	0	0
Passthrough H2O**	0	(72)	0	0	0	(72)
TOTAL AVAILABLE	14,966	15,952	3,633	5,028	287	39,867
REMAINING BALANCE	3,516	5,171	1,202	2,112	204	12,205

* GWD transferred 90.18 AF to City of Santa Barbara for LCMWC agreement.
 * MWD transferred 300 AF to City of Santa Barbara In July for Juncal water exchange agreement.
 ** City relinquished 6 AF per "Passthrough" agrmt for September 2007 (No Passthrough during spill conditions).
 State Water Deliveries for September to Lake Cachuma were MWD 230 AF; CVWD 100 AF
 GWD 346 AF(Morehart 0 AF); City of S.B. 0 AF; and LaCumbre 88 AF; (Ratheon 0 AF).
 ^ Per SWP Exchange Agrmt GWD received 111 AF; MWD received 74;
 City of SB received 74 AF; and CVWD received 49 AF from ID#1 in September 2007.

PERCENT OF WATER YEAR ELAPSED:

100.0%

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COMB STATE WATER PROJECT ACCOUNTING - SOUTH COAST ONLY (Does not include SYRWCD, ID#1 or exchange water)

MONTH	DELVRD TO LAKE	Delvd CVWD		Delvd MWD	Delvd S.B.		Delvd GWD		Delvd LCMWC		Delvd RSYS		Delvd MLC	
		to Lake	to SC		to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC
2006														
Bal. Fwvd	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January	111	0	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	60	0	0	0	0	0	0	0	0	0	0	0	0	0
July	121	0	0	0	0	0	0	0	0	0	0	0	0	0
August	111	0	0	0	0	0	0	0	0	0	0	0	0	0
September	150	0	0	0	0	0	0	0	0	0	0	0	0	0
October	100	0	0	0	0	0	0	0	0	0	0	0	0	0
November	106	0	0	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	799	0	0	0	0	0	0	0	0	0	0	0	0	0

COMB STATE WATER PROJECT ACCOUNTING - SOUTH COAST ONLY (Does not include SYRWCD, ID#1 or exchange water)

MONTH	DELVRD TO LAKE	Delvd CVWD		Delvd MWD	Delvd S.B.		Delvd GWD		Delvd LCMWC		Delvd RSYS		Delvd MLC	
		to Lake	to SC		to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC
2007														
Bal. Fwvd	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January	7	0	0	0	0	0	0	0	0	0	0	0	0	0
February	412	0	0	0	0	0	0	0	0	0	0	0	0	0
March	419	0	0	0	0	0	0	0	0	0	0	0	0	0
April	797	0	0	0	0	0	0	0	0	0	0	0	0	0
May	982	0	0	0	0	0	0	0	0	0	0	0	0	0
June	882	0	0	0	0	0	0	0	0	0	0	0	0	0
July	716	0	0	0	0	0	0	0	0	0	0	0	0	0
August	764	0	0	0	0	0	0	0	0	0	0	0	0	0
September	0	100	0	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	4979	100	0	2146	0	0	2140	0	500	0	33	0	60	0

Operations Report – September 2007

Cachuma Project water usage for the month of September 2007 was 2,667 acre-feet, compared with 2,479 acre-feet for the same period in 2006. Cachuma Project water use for the 12 months ending 30 September 2007 was 27,359 acre-feet, compared with 23,941 acre-feet for the 12 months ending 30 September 2006.

The average flow from Lake Cachuma into the Tecolote Tunnel was 114 acre-feet per day. Lake elevation was 731.70 feet at the beginning of the month and 729.08 feet at the end. Recorded rainfall at Bradbury Dam was 0.17 inches for the month and 0.17 inches for the rainfall season, which commenced on July 1, 2007.

Santa Barbara wheeled 46 acre-feet of Gibraltar water through Lauro Reservoir during the month. 764 acre-feet of State Water Project water was wheeled through Cachuma Project facilities and delivered to South Coast Member Units during the month.

Coordination on the post Zaca Fire mitigation has been conducted with the County of Santa Barbara and other interested parties. As a part of the mitigation, COMB staff has been evaluating the feasibility of constructing a debris basin on the Lake Cachuma Santa Cruz drainage. This is one of the large drainages into Lake Cachuma and was substantially burned during the Zaca Fire. The small size of the potential basin and complications of constructing the basin, have lead staff to the determination that this debris basin is not feasible. Along with this, staff has contracted with Cushman Contracting to remove floating debris within Lake Cachuma near the radial gates. Cushman has preformed this work for COMB and the County during past large storms. They will mobilize for this work once COMB has determined that the amount and type of debris merits removal. The coordination meetings will continue until it is determined that the Zaca Fire burn area will no longer affect our activities.

The COMB SCADA system was out of service for two weeks due to communication issues. The communication issues were due to problems with Verizon's system. Staff worked with Verizon daily to resolve the issues. This required daily calls and follow up to ensure that Verizon staff continued to troubleshoot the problem. The daily hounding continued until the system started functioning properly. Troubleshooting problems with Verizon continues to be difficult and time consuming.

Work continued this month on the internal SCC pipeline inspection project. The majority of the needed equipment has been procured and our first training exercise was held on September 5th. This exercise was held at Glen Anne Reservoirs' steep concrete spillway. Using ropes and winches staff was lowered down the spillway and then winched backup the spillway. Testing of the winch, ropes, harnesses, communication, carts, and miscellaneous equipment was performed. This is not an exact replication of the activities that will be performed inside the pipeline but it was a good exercise to get staff familiar with the equipment to be used and its operation. An actual entry exercise was conducted on September 19th. At this exercise staff entered the SCC to a depth of approximately 500 feet. This allowed further testing of equipment, air quality, workability within the SCC, and staff familiarization with the activity. The overall exercise went very well. A debriefing was held after both of these activities and changes in equipment used and procedures were made to better meet the safety and

inspection needs of the project. We have scheduled our first entry inspection for the week of October 8th and have several others entries scheduled tentatively for November and December.

Miscellaneous work conducted this month includes:

- Preparation of website content and pictures including construction projects, operational activities, SCADA, GIS, and SCC sites.
- Work continued on the new flow-meter in the Carpinteria area of the SCC.
- The USBR videoed the toe drains for Lauro, Glen Anne, and Ortega Reservoirs. This work was a recommendation of the recent Periodic Facilities Review. Some issues were found with the toe drains and a draft report will be circulated in November on the activity.
- The riser piping for two blow-offs were field fit, welded, and coated. They will be reinstalled in October.
- Annual gas meter calibration and sensor replacement occurred this month. These maintenance activities helps to keep all of our gas monitors working properly, allows staff to follow confined space entry procedures, and allows for safe entry into all 200 of our confined spaces.
- Brush clearing occurred with CDF in the CDM area.

Routine operation and maintenance activities conducted during the month included:

- Sample water at North Portal Intake Tower
- Complete Maintenance Management Program work orders
- Read anode rectifiers and monitor cathodic protection systems
- Monitor conduit right-of-way and respond to Dig Alert reports
- Read piezometers and underdrains at Glen Anne, Lauro and Ortega Dams
- Read meters, conduct monthly dam inspections, and flush venture meters



Brett Gray
Operations Supervisor

CACHUMA RESERVOIR

DISPOSITION OF 2006 SURCHARGE WATER AND 2007 WR 89-18 WATER RIGHTS RELEASE (UNOFFICIAL)

DATE	DESCRIPTION	FISH RELEASE FROM SURCHARGE (acre feet)	SURCHARGE BALANCE (acre feet)	FISH RELEASE FROM PROJECT YIELD (acre feet)	WR 89-18 RELEASE Includes fish release to Hilton Creek (acre feet)
5/31/2006	End of Spill		9,200		
6/30/2006	June	605	8,595		
7/31/2006	July	620	7,975		
8/31/2006	August	613	7,362		
9/30/2006	September	596	6,766		
10/31/2006	October	409	6,357		
11/30/2006	November	354	6,003		
12/31/2006	December	360	5,643		
1/31/2007	January	352	5,291		
2/28/2007	February	328	4,963		
3/31/2007	March	373	4,590		
4/30/2007	April	393	4,197		
5/31/2007	May	455	3,742		
*6/30/2007	June	542	3,200	561	2,491
**7/31/2007	July		3,200	803	4,644
8/31/2007	August		3,200		2,556
9/30/2007	September		3,200		(projected) 2,396
10/31/2007	October		3,200		
*** TOTAL		6,000	9,200	1,364	12,087

* Supplemental target flow release began 6/23/07

** WR 89-19 Releases began 7/24/07

*** Total Fish Release From Surcharge includes 5,500 AF for target rearing flows and 500 AF from Adaptive Management Accont.

Santa Barbara County Water Purveyors

Quarterly Meeting

Thursday October 11th 11:00 AM - 1:00 PM

Central Coast Water Authority

255 Industrial Way

Buellton CA 93427

(805)688-2292

AGENDA

1. Introductions
2. Announcements
 - a. Water Supply Update
 - b. Cloudseeding
 - c. Climate Change
 - d. SB County Drought Planning
 - e. ACWA Water Crisis Campaign
3. Issues related to the Zaca Fire
4. Location for the next meeting January 10th, 2008
5. Adjourn

ITEM # 5d

PAGE 1

DRAFT Water Supply Fact Sheet for Santa Barbara County: October 2007

Statewide Water Supply Facts:

- California is experiencing one of the driest years on record.
- Statewide weather models forecast that the 2007-2008 winter may also be dry.
- The State Water Project has received less than normal inflow due to low snowpack levels in the Sierra Mountains.
- A federal court ruling issued to protect Delta Smelt will likely result in reduced water deliveries to State Water Project contractors.
- State Water is delivered to Santa Barbara County but all areas have other additional supplies in addition to State Water.

Statewide Water Provider Actions:

- Many water providers in California are communicating with their customers about voluntary and the possibility of mandatory water conservation activities, including rationing, as well as rate increases, if the winter is dry.
- Many water providers in California are running media campaigns to encourage water conservation to reduce impacts of the State Water cutbacks and the dry year.
- Although messages about wise use of water are always valuable, some of the information provided at the state level or in other regions does not accurately portray local water supply conditions.

Santa Barbara County Water Supply Facts:

- Santa Barbara County communities each have different water supply portfolios, including local surface water, groundwater, recycled water, State Water and/or desalination. Not all communities receive State Water.
- Many local groundwater basins and reservoirs received high inflow in the 2005-2006 winter and spring due to high rainfall levels.
- The 2006-2007 winter and spring were some of the driest on record in Santa Barbara County across most communities, with only 38% of normal rainfall Countywide.
- Communities that receive State Water will likely be impacted by reductions in State Water Project deliveries in 2008. The extent of impacts is not known at this time, but will likely be in the range of 10-20%.
- Availability of other supplies means that customers will see no change of availability for the foreseeable future.

Santa Barbara County Water Provider Actions:

- Many County water providers have water shortage plans in place. These plans include a variety of actions including water conservation programs, media campaigns, and in some cases in later stages of droughts, mandatory water restrictions and rationing.
- Many County water providers have many water conservation programs in place to help residents and businesses reduce water use. These programs, as well as contact information for individual water providers, is available at www.sbwater.org.
- Water providers within the County are monitoring the water supply and are prepared to take additional actions as necessary to protect and conserve County water supplies if and when dry conditions continue.
- Water providers will keep their customers up-to-date with water supply issues.

Kate Rees

From: von Rueden, Helena [hvonrue@cosbpw.net]
Sent: Monday, October 01, 2007 1:57 PM
To: charles@cvwd.net; Kevin Walsh; malvorado@lacumbrewater.com; MARGHEIM, GENE; smack@santabarbaraCA.gov; Ferguson, Bill; rsweet@ci.santa-maria.ca.us; Teresa Reyburn; Chris Dahlstrom; jbarget@vvcasd.org; William Brennan; Kate Rees; bwales@syrwcd.com; billa@cityofbuellton.com; Bob Roebuck; cpare@santabarbaraca.gov; estephens@ci.santa-barbara.ca.us; Fleckenstein, Leonard; jdameron@lacumbrewater.com; Jordan, Alison Whitney; kbarnard@dock.net; Kevin.Peterson@ca.nacdnet.net; Lynn Rodriguez; M_KAMMER@ci.lompoc.ca.us; McManigal, Kristina; Mike Clark; Misty Williams; mritchie@ci.santa-maria.ca.us; mwriley_mhcsd@verizon.net; Pernell Rush; rhonda@cvwd.net; Stricklin, Terri; Teresa Reyburn; Tully Clifford; ccsd@inreach.com; Wendy Motta; Woodard, William
Cc: Almy, Rob; Gibbs, Dennis; Fayram, Tom
Subject: SBCo Water Efficiency: Water Shortage/Drought Planning Documents and Updates

The dry year and water shortages in other parts of the state have prompted actions and planning statewide. Please see below for several items relating to drought and water shortage:

- 1) **Santa Barbara County Water Purveyors Water Shortage/Drought Planning Handbook:** The Santa Barbara County Water Agency has just released this is a tool for small to medium sized water districts to aid in drought planning. A cd copy has been mailed to each Santa Barbara County water purveyor, and it is also available on our website at:
<http://www.countyofsb.org/pwd/water/downloads/HandbookforPurveyorsRevSep2007.pdf>
- 2) **Draft 2007 Urban Drought Guidebook:** Released jointly in September 2007 by the California Urban Water Conservation Council and the US Bureau of Reclamation. This has some similar information to the County Handbook (item 1 above), though there are some key differences, including the local experiences in the 1986-91 drought, presented in the County handbook. The final version of this new document is expected to be released in January-February 2008. Upon its release, the County Water Agency will review the new document and make a recommendation to the purveyors on how best to reconcile this and our local document. The Draft 2007 Urban Drought Guidebook can be viewed here:
http://www.cuwcc.org/drought_alert_2007.lasso
- 3) **Santa Barbara County Regional Water Shortage/Drought Management Plan:** prepared by the Water Agency in 2004, also available on the County website. This outlines the Water Agency's plans to coordinate with local water purveyors in the case of water shortage or drought. See the document here:
<http://www.countyofsb.org/pwd/water/downloads/DroughtPlanFinal.pdf>
- 4) **Financial Assistance available to Santa Barbara County Businesses:** For businesses experiencing economic losses due to drought conditions, the US Small Business Administration is making loans available for non-agricultural business (nurseries are eligible). For information, go to:
http://www.sba.gov/idc/groups/public/documents/sba_program_office/10996-10997-10998-10999-01_ca_.pdf
- 5) For ongoing updates on the water supply conditions statewide, go to the California Urban Water Conservation Council's Drought Alert page at: http://www.cuwcc.org/drought_alert_2007.lasso. This link includes statewide news clippings.

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CACHUMA OPERATION AND MAINTENANCE BOARD
MEMORANDUM

Date: October 15, 2007
To: Members of the Board of Directors
From: Brett Gray, Operations Supervisor
RE: **Long-Term Funding Reliability for COMB Capital Improvement Projects**

RECOMMENDATIONS:

1. Authorize staff to proceed with exploration of long term funding options for COMB Capital Improvement Projects.
2. Obtain proposals for the preparation of environmental compliance documents that will be required for an Engineer's Report prior to securing funding.
3. Obtain proposal for preparation of an Engineer's Report that is required for a bond issuance.

DISCUSSION:

Over the last decade COMB has had a number of large capital improvement projects (CIP) funded through direct assessments of its Member Units. This method of funding is becoming increasingly more difficult due to inflation and the amount of money the Member Units must spend on their own internal capital improvements. Because of these funding difficulties, COMB staff has been looking for ways to maximize our capital improvement efforts over the long term with little or no additional financial impact to the South Coast member units, as the CIP involves work on the conveyance facilities.

To do this staff has looked into several types of funding mechanisms that would use the current annual CIP budget of about \$1.3 million to pay the annual debt service for the chosen funding option. This would allow COMB to get approximately \$16,000,000 in funding for several important CIPs, the most important being the 2nd Pipeline Project. This would also provide COMB with the required matching funds for the 2nd Pipeline Project if Santa Barbara County is successful in its bid for \$25 million from Proposition 50.

Meetings were held on September 14th and October 10th with the COMB CIP Board Committee to discuss and get input on this topic. The Member Unit General Managers also reviewed this program of work at their September 5th

managers' meeting. Recommendations and ideas that were discussed at these meetings have been integrated into this proposal.

The funding options currently under evaluation are the following: a 30 year or 40 year revenue bond, commercial loan, and State Revolving Fund loan. More detailed information on these options will be provided at the board meeting.

The recommendation of staff and the CIP Committee is for the COMB Board to direct staff to proceed with refining the funding options, obtain proposals for preparation of environmental compliance documents, and obtain a proposal for an Engineer's Report.

kr/COMB admin/board memos/102207_CIP bond.mmo

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D R A F T
Santa Barbara Countywide
Integrated Regional Water Management Plan
Cooperating Partners Meeting
Thursday, October 25, 2007
9:00 am – 12:00 pm

Location: Goleta Water District, 4699 Hollister Ave., Santa Barbara

Directions: Hwy 101 to Turnpike Rd; head south toward the ocean; turn Left onto Hollister; go 2 blocks; turn Right on Puente; Goleta Water District is on right.

Conference call phone: 1-877-873-8016 and participant code 861785

AGENDA

- 9:00 Welcome and introductions
- 9:10 Public comments for items not on the agenda
- 9:20 Approval of minutes from September 20th meeting

- 9:30 **State "Call-backs" for Step 2**
 - Status/announcements; draft list due 10/22

- MOU#2 - - for Step 2 application & On-going Coordination**
 - Approval Status; Signatures; Invoices

- New IRWMP "Project Management Team"**
 - Tom Evans, Dudek Associates
 - Shruti Chandra, Aspen Group

- CH2MHill Contract for Step 2 application**
 - Kathy Caldwell and CH2MHill Team
 - Workplan & Schedule
 - Process for 1-on-1 Meetings with Project Proponents

- Potential Speed Bumps on the Step 2 Roadway**
 - UWMPs and GWMPs
 - Labor Compliance Programs

- State IRWMP Meetings and Workshops:**
 - 9/21 DWR Wkshp on Props 84 & 1E & IRWM (Salinas)
 - 10/22 State Water Plan Wkshp & IRWMP Mtg (Sacramento)
 - 11/8 IRWM Summit Meeting (Sacramento)
 - 12/6 "Hold" date for DWR wkshp for Step 2 applicants; tba

Next Meeting: Week of Nov. 12-16? Host needed.

4:00 **Adjourn**

DRAFT
Santa Barbara Countywide
Integrated Regional Water Management Plan
Cooperating Partners Meeting
Thursday, September 20, 2007
1:00 pm – 4:00 pm

Location: Central Coast Water Authority, 255 Industrial Way, Buellton*

Conference call phone: 1-877-873-8016 and participant code 861785

AGENDA

1:00 Welcome and introductions

1:10 Public comments for items not on the agenda

1:20 Approval of minutes from August 22nd meeting

1:30

Change in Project List for Step 2

- withdrawal of project

CH2MHill Proposal for Step 2 application

- Scope of Work; and Cost
- Schedule for contract approval

Project Manager for Step 2 and IRWM Coordination

- Tasks; and Cost estimates
- Options & schedule for selecting a PM

MOU#2 - - for Step 2 application

- Status; key issues; approval schedule; next steps;
- Funding allocations
- Agreement to seek Board/Councils' approvals

Project Eligibility Review

- Status

DWR Workshop: IRWM Concepts, Guidelines & Standards

- in Salinas, 9/21; Water Agency staff to attend

Next Meeting: Week of October 8-12 or 15-19?

4:00 **Adjourn**

*Directions from Santa Barbara: Hwy 101 north to route 246; Turn left; proceed west on 246 for approx 1/3 mile; Turn left on Industrial Way. Please **PARK ON STREET**, not in the lot.

ITEM # 7
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Krist: A unified voice on water

County coalition scores \$25 million state grant

By John Krist

Thursday, October 4, 2007

In November 2002, California voters approved a \$3.4 billion bond measure to fund a variety of water-related projects. Nearly five years later, the first of that Proposition 50 money is about to finally start trickling into local communities, \$25 million of it headed for Ventura County.

The money will fund projects to remove invasive weeds along Calleguas Creek and retire obsolete septic systems that are contaminating groundwater beneath the Oxnard Plain. It will help finance several water-recycling projects and reduce contamination of local streams. Next week, the Board of Supervisors will be asked to accept the \$25 million grant from the state on behalf of the coalition of agencies responsible for developing and prioritizing the project list.

Proposition 50 was unusual in a number of ways. For one thing, it was the product of citizen initiative rather than the legislative process, the route more typically followed by water bonds. But it was also historically atypical in the way it blended money for water projects with money for habitat conservation.

The 12 legislative water bond measures approved by voters during the 1960s, '70s and '80s focused exclusively on building things: dams, canals, sewage treatment and reclamation plants, purification facilities, pipelines, pumping stations. None explicitly allocated a single dollar to ecological programs. That began to change in 1996 with Proposition 204, which allocated more than \$500 million to ecological restoration, and fish and wildlife programs primarily associated with the Sacramento-San Joaquin Delta system. And in 2000, California voters approved Proposition 13, a \$1.97 billion bond measure that provided \$250 million for Delta fish and wildlife programs, and \$468 million for watershed restoration and protection elsewhere in the state. Proposition 50 continued that novel trend.

There's one more aspect of Proposition 50 that made it unusual. It included \$500 million for projects developed in accordance with regional watershed plans. Ideally, those projects were to address a variety of goals simultaneously, from increasing the water supply to reducing flooding and improving recreation.

Regional, watershed-based planning is something people in the water-development community have been talking about for years as a worthy ideal. But for a number of reasons, it has proved fiendishly difficult to accomplish.

Traditionally, individual water agencies have addressed only the narrow concerns of their customers, and have focused on quantity and quality of supply.

Flood-protection agencies have focused on levees, dams and storm channels, even when those structures compromised groundwater quality and wildlife habitat. Natural watercourses have typically been regarded as either delivery pipelines or floodwater conveyances, not as fragile ecological systems. And when it came to vying for state and federal funds, agencies competed with each other in a messy fiscal free-for-all.

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Agencies in Ventura County have historically been a little better at cooperation than their counterparts elsewhere in the state. In fact, a group of key stakeholders in the large area drained by Calleguas Creek — 341 square miles encompassing the most heavily populated part of the county — have been developing and refining a management plan for that watershed since 1996.

But Proposition 50 required even more. Beginning in 2002, shortly before voters approved the water bond, local agencies developed similar management plans for the Ventura and Santa Clara river watersheds. Those were merged last year with the Calleguas plan to create a single integrated approach to water management under the auspices of the Watersheds Coalition of Ventura County, which has more than 60 participating agencies and organizations.

On behalf of the coalition, the county then applied for a share of the bond money. In January, the state announced its approval of a grant to help fund 11 of Ventura County's top-priority projects. Without a solid plan, and a robust countywide coalition to advance it, that money would have gone elsewhere.

The convoluted process behind the grant award on next week's board agenda is less inherently interesting than the actual projects the money will make possible. But in this context, process assumes vital importance. Water is the ultimate unifying force: It is the connective tissue that links upstream and downstream communities, makes the concerns of fish and frogs the same as those of farmers and suburban families, unites mountaintop scrub and seaside marsh. Without a similarly integrated approach to planning and management, water projects may cause more problems over the long term than they solve.

— John Krist is a senior editor and Opinion page columnist for the Star. To read previous columns, visit www.johnkrist.com. His e-mail address is jkrist@VenturaCountyStar.com.



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CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

DATE: October 22, 2007
TO: Board of Directors
FROM: Kate Rees, General Manager
RE: **Proposal from Balance Hydrologics for Lake Cachuma Impact Assessment from the Zaca Fire**

RECOMMENDATION:

1. Approve proposed scope of work from Balance Hydrologics to carry out an impact assessment of Lake Cachuma due to the Zaca Fire.
2. Authorize the General Manager to enter into a contract with Balance Hydrologics for an amount not to exceed \$25,000.

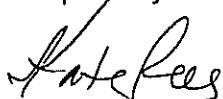
DISCUSSION:

At the September 24, 2007 Board meeting, the COMB Board discussed and approved preventative measures to be undertaken by COMB in the aftermath of the Zaca Fire. In addition to those recommendations, staff requested that the Board consider hiring Barry Hecht of Balance Hydrologics to carry out an impact assessment of what might be expected to occur at Lake Cachuma relative to water supply, sedimentation, and water quality. Mr. Hecht has also been engaged by the City of Santa Barbara for these services to be provided for Gibraltar Reservoir. The Board requested that Mr. Hecht be contacted regarding his interest in carrying out this work.

I spoke with Mr. Hecht, and he was pleased to be considered to do this assessment for COMB. Attached is a letter proposal and estimated budget in the amount of \$21,746 for your review and consideration. Most of this work overlaps with Mr. Hecht's authorization from the City of Santa Barbara. Hence, the level of effort is about half of what Mr. Hecht thinks will be needed, overall. I propose that COMB and City staff coordinate closely on these activities, as Gibraltar Reservoir is also of utmost importance to providing dependable water supply to the South Coast during the summer months.

Therefore, I would recommend approval of the proposed scope of work and cost, and authorize your General Manager to enter into a contract with Balance Hydrologics.

Respectfully submitted,



Kate Rees
General Manager



Balance Hydrologics, Inc.

841 Tolgar Ave. • Berkeley, CA 94710-2800 • (510) 704-1000
224 Walnut Ave., Ste. E • Santa Cruz, CA 95060-3636 • (531) 457-4900
281 Nevada St. • Auburn, CA 95603-4617 • (530) 887-4946
www.balancehydro.com • email: office@balancehydro.com

October 16, 2007

Ms. Kate Rees,
General Manager
Cachuma Operations and Maintenance Board
3301 Laurel Canyon Road
Santa Barbara, California 93105-2017

Dear Kate:

We have discussed COMB's initial needs in protecting and planning for its water supply immediately following the Zaca fire. Here are my suggestions for an immediate response phase, designed to carry you through the first few storms. A second phase may be warranted later in the season as longer-term issues emerge. In the interim, our recommendations include 4 tasks:

1. *Immediate planning:* We will work with you to develop an immediate response plan, which may include:
 - a. Assessing relative value and opportunities for providing for sediment settlement at or near the head of the lake and the mouths of the tributaries, perhaps functionally analogous to the Mono or Agua Caliente debris basins at Gibraltar, or the wetlands created at Stanford University's Searsville Lake beginning in 1929.
 - b. Evaluating the Forest Service's BAER (Burnt Area Emergency Response) report, to identify opportunities for COMB to obtain immediate assistance, longer-term cooperation, and perhaps outside funding; this may entail COMB proposing and providing addenda or supplemental chapters to the BAER report, which we may help you write, if you wish.
 - c. Placing some individual risks into a broader perspective (e.g., managing ash-and-wood mats to be delivered to the lake) and assess other changes the mercury mine, the potential for landsliding of the rapidly-growing delta within the reservoir, as experienced in Santa Cruz's Loch Lomond).
 - d. Others, as emerge as we review the situation with you. An example may be how the concurrent impairment of water quality in both Gibraltar and Cachuma may affect your supply or treatment options.
2. *Projections for the volume of sediment entering the reservoir, and for the likely duration of elevated sediment supply and sedimentation:* We will do this by comparing conditions in the Gibraltar watershed with those that we and others have investigated at 8 or 10 other reservoirs, and which I believe to be useful for comparisons, and based on the sediment-transport and sedimentation records in other streams in the tri-county area with similar bedrock supply, and/or geometries. We will explain the sequence of deposition, and the local hydrographic

Ms. Kate Rees
October 16, 2007
Page 2

factors which are applicable to Gibraltar and those that are not. We will also present you with a range of likely responses based on how wet the next few winters are likely to be, such that you might sequentially plan your next steps at the end of each rainy season. You will be most likely to use these data in evaluating (a) what facilities and operations may be constrained by sedimentation during the coming winters, and when, and (b) what protections or benefits may result from taking various actions.

3. *Water-treatment concerns:* We will work with you to identify water-treatment concerns encountered by other municipal purveyors during the initial post-fire storms and in subsequent events during the next year or two. This may help you identify possible shifts in treatment methods or practices, as well as consider what operational considerations may affect Lake Cachuma (such as responses to the increase in nutrients, especially phosphate and perhaps also potassium). Another issue that you may want to address is the mat of ash, limbs, trunks, and leaves that may accumulate in the lake during the initial major storms.
4. *Project turbidity persistence:* Turbidity affects COMB in (a) complicating water delivery and treatment, inducing wear-and-tear on the pumps and piping plus requiring additional treatment and disinfection, and (b) complicating steelhead releases, since water with turbidity exceeding certain thresholds may be detrimental to steelhead, and may merit considering alternate sources or alternates means of release. We also suspect that turbidity may be a much greater issue for COMB than has been the case following most other California fires, since:
 - (1) the burnt portions of the Cachuma watershed are underlain primarily by sedimentary rocks, including substantial units of shales and diatomites, which yield fine particles; these clays and colloids settle much more slowly than the materials delivered from the granitic or other crystalline-rock watersheds that seem to be the ' fire norm' for California, and;
 - (2) Gibraltar and Cachuma both have a much higher ratio of sodium as a percentage of cation reactance than prevails elsewhere in the state. The higher sodium percentage tends to disperse clays and keep them in suspension. Conversely, we have found that adding calcium to water from impoundments with similar colloidal diatomitic clays can sharply and abruptly reduce turbidity prior to water treatment.

We will work with you to work through these issues, and also explore water treatment options (either at the lake or treatment levels) and operational options (at the lake scale) which may help modulate turbidity. We also suspect that turbidity management may be one of the most likely bases for COMB and its members to attract emergency funding grants, perhaps from OES or the SWRCB.

This work may entail some semi-quantitative bench-scale testing in your lab or ours.

Ms. Kate Rees
October 16, 2007
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What we need from you

We can best help you if your staff could kindly help us obtain a number of documents:

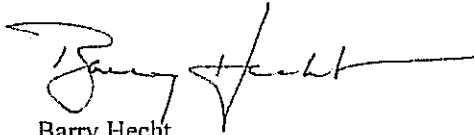
- Information on the fire and post conditions, including web links
- Your most recent bathymetry study, so that we can begin on projecting post-fire sedimentation.
- DEMs of the watershed, if you have them available (if not, we will locate)
- A current version of the sediment pass-through agreement
- Access to water-quality records, including those that Louis Chiorn at the City of Santa Barbara has maintained for quite some years
- Whatever records the City may have of sedimentation, water-quality effects, and management constraints identified during the period following the Wellman fire (Summer 1966) or the Coyote fire (1963?).

Closing

Once again, on behalf of Jonathan, Bonnie, and all of our staff, I thank you very much for the opportunity to return and serve again. Please let me know if there are changes in scope that you seek.

Sincerely,

BALANCE HYDROLOGICS, Inc.



Barry Hecht
Principal

Enclosures: Tables 1 and 2

Table 1. Anticipated Staff Hours by Task
COMB Post-Fire Sediment and Water Quality Management

Task Number and Description	Sr. Principal \$205	Principal \$170	Senior Professional \$145	Project Professional \$135	Sr. Staff Professional \$120	Staff Professional \$110	Assistant Professional \$95	Junior Professional \$80	GIS Sr Analyst \$100	GIS/CADD Specialist \$80	Graphics Specialist \$80	Sr. Proj Admin \$77	Sr. Report Specialist \$74	Tech Typist \$60	Hydrologic Tech \$60	Labor Costs For Task
Task 1. Immediate planning tasks	Barry 24		Bonnie, Jonathan 20		Mark 20								3	2		\$7,462
Task 2. Sediment and sedimentation projections	8		8		28											\$5,880
Task 3. Water treatment concerns	8		16													\$3,960
Task 4. Turbidity persistence	8		2		10											\$3,030
Task 5. Project admin and team coordination	4				4							2				\$1,414
Task 6.																
Subtotal Hours	52		26		62							2	3	2		TOTAL LABOR \$21,746
Total Hours	147															

ITEM # 8c
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