

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

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

---

**Monday, November 22, 2010**

*Approximate Start Time*  
**3:30 p.m.**

**AGENDA**

- 1. COMB CALL TO ORDER, ROLL CALL** (COMB Board of Directors.)
- 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.)
- 3. CONSENT AGENDA** (For Board action by vote on one motion unless member requests separate consideration.)
  - a. Minutes October 25, 2010 Regular Board Meeting
  - b. Investment of Funds
    - Financial Reports
    - Investment Reports
  - c. Payment of Claims
- 4. REPORT FROM THE AUDITOR FOR FISCAL YEAR 2009-2010:  
RECOMMENDATION TO ACCEPT THE AUDIT**
- 5. REPORTS FROM THE MANAGER**
  - a. Operations Report
  - b. COMB Operating Committee Meeting, October 6, 2010
  - c. **Verbal Report** - Finance Committee Meeting, November 12, 2010
  - d. Propositions 50 and 84 Process Update
  - e. General Manager's Meeting with Reclamation Deputy Commissioners, November 11, 2010
  - f. Quagga Mussel Inspection Reports – County of Santa Barbara
  - g. **Verbal Report** - Cachuma Reservoir Current Conditions
- 6. 2<sup>nd</sup> PIPELINE PROJECT**
  - a. Project Status Report
  - b. Permit and NEPA Status Report
  - c. Revised Funding Process and Project Approval Schedule

- d. Consider Third Extension of Construction Bid from Blois Construction, Inc.
7. **COMB RESOLUTION NO. 515 COMMENDATION FOR LEE BETTENCOURT** (To be presented at the Board meeting.)
  8. **COMB RESOLUTION NO. 514 COMMENDATION FOR DAS WILLIAMS** (To be presented at the Board meeting.)
  9. **DIRECTORS' REQUEST FOR AGENDA ITEMS FOR NEXT MEETING**
  10. **MEETING SCHEDULE**
    - December 20, 2010 following CCRB at 2:15 P.M., COMB Office
    - Board Packages Available on COMB Website  
[www.cachuma-board.org](http://www.cachuma-board.org)
  11. **COMB ADJOURNMENT**

**FAREWELL TO PRESIDENT DAS WILLIAMS  
AND  
DIRECTOR LEE BETTENCOURT**

**REFRESHMENTS**

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, October 25, 2010**

---

**1. Call to Order, Roll Call**

The meeting was called to order at 4:47 p.m. by President Lauren Hanson who chaired the meeting. Those in attendance were:

**Directors present:**

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

**Others present:**

|                |                  |
|----------------|------------------|
| Kate Rees      | Tony Trembley    |
| Rebecca Bjork  | Chip Wullbrandt  |
| Janet Gingras  | Sarah Knecht     |
| Jim Colton     | Adelle Capponi   |
| Tim Robinson   | Charles Hamilton |
| Ruth Snodgrass | David Ault       |
| Gary Kvistad   | Sonja Fernandez  |
| John McInnes   | Brad Newton      |
| Tom Mosby      | Chris Dahlstrom  |

**2. Public Comment**

There were no comments from the public.

**3. Consent Agenda**

**a. Minutes:**

September 27, 2010 Regular Board Meeting

**b. Investment Funds**

Financial Reports  
Investment Report

**c. Payment of Claims**

Director Morgan moved to approve the consent agenda as presented, seconded by Director Williams, passed 7/0/0.

ITEM # 3a  
PAGE 1

**4. Reports From the Manager**

**a. Cachuma Water Reports**

These reports were included in the board packet.

**b. Operations Report**

The Operations Report was included in the board packet. Director Hanson requested the dates of the upcoming Tabletop design meetings. The next design meeting will be December 9, 2010. A planning meeting will be held January 11, 2011 and the actual exercise will occur on January 12, 2011.

**c. USBR Periodic Facilities Review September 14-17, 2010**

Ms. Rees reported that the Bureau of Reclamation conducted a Periodic Facility Review (PFR) of some of the Cachuma Project facilities September 13-17. As a result of that review, Reclamation recommended several actions. Staff presented a spreadsheet and schedule to implement these repairs in a timely manner. The majority of the work will be completed within six months, and updates will be provided periodically for the Board. Status reports on this O&M work will be included in the COMB Operation and Maintenance Plan that is currently being developed.

**d. Proposition 50 and 84 Process**

Ms. Rees reported that we are currently invoicing in-kind services for Prop 50. Santa Barbara County has submitted both the planning grant and implementation grant applications for Round 1 for Proposition 84 funding. Additional information was included in the board packet.

**e. Quagga Mussel Inspection Reports – County of Santa Barbara**

The Quagga Mussel Inspection reports for August and September from the County of Santa Barbara were included in the board packet.

**f. Utility Executives Conference, October 14-15, 2010**

Ms. Rees reported on the Utility Executives Conference that she had attended October 14-15, 2010.

**g. Cachuma Reservoir Current Conditions**

**Date 10/25/2010**

|                                   |                               |
|-----------------------------------|-------------------------------|
| Lake Elevation                    | 736.61 feet                   |
| Storage                           | 149,722 acre feet             |
| Rain (for the month to date)      | 1.42 inches                   |
| Rain YTD (for the season to date) | 1.42 inches                   |
| Fish Release-Hilton               | 382.4 acre feet for the month |
| Month to Date Spill               | 0 acre feet                   |
| Year to Date Spill                | 0 acre feet                   |

**5. Revised FY 2010-11 COMB Budget Effective January 1, 2011**

A revised FY 2010-11 detailed budget reflecting the budget augmentation approved by the Board at the September 27, 2010 meeting for the existing fisheries program was included in the board packet. After discussion concerning specific items that

will be included in the COMB budget to support the fisheries activities, it was recommended that the budget be reviewed again at the December meeting to ensure that the budgeted items are consistent with the Draft Concept Reorganization Agreement. It was also recommended that at the next reorganization meeting the General Managers discuss the details of the fisheries portion of the budget.

## 6. 2<sup>nd</sup> Pipeline Project

### a. Project Status Report

The project status report was included in the board packet. Ms. Rees reported that Jim Blois had requested that the Board consider awarding the construction bid for the 2<sup>nd</sup> Pipeline project for a portion of the project sooner than December 14, 2010 in order to avoid a possible increase in pricing for materials. The Board was not amenable to this suggestion as there was no provision in the bid specs to award a partial contract. In addition, all permits and funding are not yet in hand.

### b. Permit Status Report

The permit status report was included in the board packet. Ms. Rees reported that Reclamation has determined that there is no historic significance to the south portal. The final cultural resources report has been completed and submitted to Reclamation. The Summary Regarding Buried Site Testing has been completed and the final draft report will be completed by October 22, 2010 for submittal to Reclamation. Once Reclamation accepts the final reports, they will write a Finding of No Effect for the Project and submit it to SHPO for concurrence. Ms. Rees thinks the 106 Permit should be issued by mid-December.

With regard to the EIS, Reclamation had some formatting and organizational changes to the EIS. However no additional impacts were identified, so the document does not need to be recirculated. Once the final EIS is completed, a Notice of Availability will be sent with the EIS to Washington DC for posting in the Federal Register and with EPA for a 30 day review period.

### c. Update on Funding Process and Project Approval Schedule

A schedule was included in the board packet. This schedule will need to be reviewed and updated. The Bond documents and Contribution Agreements also need to be updated and prepared for Board approval.

President Williams requested that approval of the financial documents and bid award be added to the November agenda if possible.

## 7. Consideration of COMB Land Use Authorization Policy

Staff recommended that COMB would issue approval letters, permits, or licenses for land use activities that are only minor or temporary in nature. Reclamation would issue approval letters, permits, or licenses for land use activities that are permanent or more complex in nature. COMB staff would do all preliminary assessments of encroachments and make recommendations to Reclamation.

Staff recommended that the Board authorize staff to finalize the Land Use Authorization Process, Policy, and Fee Schedule using this approach. If at some time in the future, this approach is not acceptable to the Board, staff will seek direction on a preferred structure to establish a COMB policy.

Director Williams moved to authorize staff to finalize staff's recommended Land Use Authorization Process, Policy and Fee Schedule for Board consideration at the November 22, 2010 meeting, seconded by Director Lieberknecht, passed 7/0/0.

**8. Directors' Request for Agenda Items for Next Meeting**

There were no additional requests for agenda items, however Director Morgan requested that a Finance Committee meeting be schedule to discuss benefits/salaries.

**9. Meeting Schedule**

The next regular Board meeting will be held November 22, 2010 following the CCRB meeting at 2:15 P.M.

The Agendas and Board Packets are available on the COMB website, [www.cachuma-board.org](http://www.cachuma-board.org)

**10. [Closed Session] Conference with Legal Counsel Regarding Anticipated Litigation, Pursuant to Government Code Section 54956.9(c) (one case)**

The Board went into closed session at 5:08 p.m. and came out of closed session at 5:35 p.m. There was nothing to report out of closed session.

**11. COMB Adjournment**

There being no further business, the meeting was adjourned at 5:36 p.m.

Respectfully submitted,

\_\_\_\_\_  
Kate Rees, Secretary of the Board

**APPROVED:**

\_\_\_\_\_  
Lauren Hanson, President of the Board

Approved \_\_\_\_\_

Unapproved \_\_\_\_\_ ✓

**COMB**  
**Statement of Net Assets**  
 As of October 31, 2010

|                                       | Oct 31, 10   |
|---------------------------------------|--------------|
| <b>ASSETS</b>                         |              |
| <b>Current Assets</b>                 |              |
| Checking/Savings                      |              |
| 1050 · GENERAL FUND                   | 555,044.60   |
| 1100 · REVOLVING FUND                 | 6,036.36     |
| TRUST FUNDS                           |              |
| 1210 · WARREN ACT TRUST FUND          | 68,628.79    |
| 1220 · RENEWAL FUND                   | 5,002.41     |
| Total TRUST FUNDS                     | 73,631.20    |
| Total Checking/Savings                | 634,712.16   |
| <b>Other Current Assets</b>           |              |
| 1010 · PETTY CASH                     | 400.00       |
| 1200 · LAIF                           | 424,959.18   |
| 1300 · DUE FROM CCRB                  | 73,631.44    |
| 1303 · Bradbury SOD Act Assmnts Rec   | 62,658.00    |
| 1304 · Lauro Dam SOD Assesmnt Rec     | 18,797.00    |
| 1305 · ACCRUED INTEREST RECEIVAB...   | 1,288.59     |
| 1400 · PREPAID INSURANCE              | 15,421.72    |
| 1401 · W/C INSURANCE DEPOSIT          | 6,529.00     |
| Total Other Current Assets            | 603,684.93   |
| <b>Total Current Assets</b>           | 1,238,397.09 |
| <b>Fixed Assets</b>                   |              |
| 1500 · VEHICLES                       | 338,973.52   |
| 1505 · OFFICE FURN & EQUIPMENT        | 237,869.91   |
| 1510 · MOBILE OFFICES                 | 97,803.34    |
| 1515 · FIELD EQUIPMENT                | 377,491.28   |
| 1525 · PAVING                         | 22,350.00    |
| 1550 · ACCUMULATED DEPRECIATION       | -852,476.18  |
| Total Fixed Assets                    | 222,011.87   |
| <b>Other Assets</b>                   |              |
| 1910 · LT Bradbury SOD Act Assess Rec | 5,623,581.07 |
| 1920 · LT Lauro SOD Act Assess Rec    | 965,337.00   |
| Total Other Assets                    | 6,588,918.07 |
| <b>TOTAL ASSETS</b>                   | 8,049,327.03 |
| <b>LIABILITIES &amp; EQUITY</b>       |              |
| <b>Liabilities</b>                    |              |
| <b>Current Liabilities</b>            |              |
| Accounts Payable                      |              |
| 2200 · ACCOUNTS PAYABLE               | 49,413.77    |
| Total Accounts Payable                | 49,413.77    |
| <b>Other Current Liabilities</b>      |              |
| 2565 · ACCRUED INTEREST SOD ACT       | 87,008.00    |
| 2550 · VACATION/SICK                  | 104,583.27   |
| 2560 · CACHUMA ENTITLEMENT            | 0.01         |
| 2561 · BRADBURY DAM SOD ACT           | 62,658.61    |
| 2563 · LAURO DAM SOD ACT              | 18,797.00    |
| 2590 · DEFERRED REVENUE               | 73,631.20    |
| Payroll-DepPrm Admin                  | 35.00        |
| Payroll-CCRB DepPrm                   | 9.24         |
| Payroll-DepPrm Ops                    | 9.24         |
| Total Other Current Liabilities       | 346,731.57   |
| Total Current Liabilities             | 396,145.34   |
| <b>Long Term Liabilities</b>          |              |
| 2602 · LT SOD Act Liability-Bradbury  | 5,623,581.07 |
| 2603 · LT SOD Act Liability - Lauro   | 965,337.00   |
| 2604 · OPEB LT Liability              | 96,113.00    |
|                                       | 6,685,031.07 |

1:20 PM  
11/17/10  
Accrual Basis

COMB  
Statement of Net Assets  
As of October 31, 2010

|                             | <u>Oct 31, 10</u>   |
|-----------------------------|---------------------|
| Total Long Term Liabilities | 6,685,031.07        |
| Total Liabilities           | 7,081,176.41        |
| Equity                      |                     |
| 3000 · Opening Bal Equity   | 0.95                |
| 3901 · Retained Earnings    | 535,561.51          |
| Net Income                  | 432,588.16          |
| Total Equity                | 968,150.62          |
| TOTAL LIABILITIES & EQUITY  | <u>8,049,327.03</u> |



**COMB**  
**Statement of Revenues and Expenditures Budget vs. Actual**  
 July through October 2010

1:20 PM  
 11/17/10  
 Accrual Basis

|  | Jul - Oct 10        | Budget              | \$ Over Budget       | % of Budget  |
|--|---------------------|---------------------|----------------------|--------------|
| <b>TOTAL</b>                             |                     |                     |                      |              |
| <b>Income</b>                            |                     |                     |                      |              |
| 3000 REVENUE                             |                     |                     |                      |              |
| 3001 · O&M Budget (Qtrly Assessments)    | 994,584.56          | 2,034,244.00        | -1,039,659.44        | 48.9%        |
| 3004 · WIP Revenue                       | 171,220.00          |                     |                      |              |
| 3007 · Renewal Fund                      | 0.00                |                     |                      |              |
| 3008 · 2010 Bond Reprmt Rev (GWD-City)   | 0.00                | 487,500.00          | -487,500.00          | 0.0%         |
| 3010 · Interest Income                   | 1,940.35            |                     |                      |              |
| <b>Total 3000 REVENUE</b>                | <b>1,167,744.91</b> | <b>2,521,744.00</b> | <b>-1,353,999.09</b> | <b>46.3%</b> |
| <b>Total Income</b>                      | <b>1,167,744.91</b> | <b>2,521,744.00</b> | <b>-1,353,999.09</b> | <b>46.3%</b> |
| <b>Gross Profit</b>                      | <b>1,167,744.91</b> | <b>2,521,744.00</b> | <b>-1,353,999.09</b> | <b>46.3%</b> |
| <b>Expense</b>                           |                     |                     |                      |              |
| 4000 · Reconciliation Discrepancies      | 0.15                |                     |                      |              |
| 3100 · LABOR                             |                     |                     |                      |              |
| 3101-E · Engineer                        | 24,558.04           |                     |                      |              |
| 3101-A · Ops Supervisor                  | 31,011.75           |                     |                      |              |
| 3101-H · Holiday Leave                   | 3,299.59            |                     |                      |              |
| 3101-S · Sick Leave                      | 38,785.45           |                     |                      |              |
| 3101-V · Vacation Leave                  | 19,377.50           |                     |                      |              |
| 3102 · Meter Reading                     | 956.23              |                     |                      |              |
| 3103 · SCC Ops                           | 41,507.83           |                     |                      |              |
| 3104 · Veh & Equip Mtce                  | 1,824.73            |                     |                      |              |
| 3105 · SCADA                             | 111.26              |                     |                      |              |
| 3106 · Rodent Bait                       | 658.57              |                     |                      |              |
| 3107 · NORTH PORTAL                      |                     |                     |                      |              |
| 3107-1 · NP INTAKE TOWER                 |                     |                     |                      |              |
| 3107-1b · Cleaning                       | 940.71              |                     |                      |              |
| 3107-1f · Operations                     | 219.00              |                     |                      |              |
| <b>Total 3107-1 · NP INTAKE TOWER</b>    | <b>1,159.71</b>     |                     |                      |              |
| 3107-2 · NP CONTROL STATION              |                     |                     |                      |              |
| 3107-2a · Maintenance                    | 597.08              |                     |                      |              |
| 3107-2d · Weed Management                | 1,203.58            |                     |                      |              |
| 3107-2j · Rehabilitation                 | 113.55              |                     |                      |              |
| <b>Total 3107-2 · NP CONTROL STATION</b> | <b>1,914.21</b>     |                     |                      |              |
| 3107-3 · NP TECOLOTE TUNNEL              |                     |                     |                      |              |
| 3107-3a · Maintenance                    | 157.13              |                     |                      |              |
| 3107-3j · Rehabilitation                 | 1,105.39            |                     |                      |              |
| <b>Total 3107-3 · NP TECOLOTE TUNNEL</b> | <b>1,262.52</b>     |                     |                      |              |
| <b>Total 3107 · NORTH PORTAL</b>         | <b>4,336.44</b>     |                     |                      |              |
| 3108 · GLEN ANNE                         |                     |                     |                      |              |

ITEM # 36  
 PAGE 3

1:20 PM  
11/17/10  
Accrual Basis

**COMB**  
**Statement of Revenues and Expenditures Budget vs. Actual**  
July through October 2010

|                                       | Jul - Oct 10    | Budget | \$ Over Budget | % of Budget |
|---------------------------------------|-----------------|--------|----------------|-------------|
| <b>TOTAL</b>                          |                 |        |                |             |
| 3108-1 - GA SOUTH PORTAL              |                 |        |                |             |
| 3108-1d - Weed Management             | 494.74          |        |                |             |
| 3108-1h - Inspection                  | 248.63          |        |                |             |
| <b>Total 3108-1 - GA SOUTH PORTAL</b> | <b>743.37</b>   |        |                |             |
| 3108-2 - GA RESERVOIR                 |                 |        |                |             |
| 3108-2d - Weed Management             | 642.38          |        |                |             |
| 3108-2h - Inspection                  | 157.13          |        |                |             |
| 3108-2j - Rehabilitation              | 389.14          |        |                |             |
| <b>Total 3108-2 - GA RESERVOIR</b>    | <b>1,188.65</b> |        |                |             |
| 3108-3 - GA PUMP STATION              |                 |        |                |             |
| 3108-3d - Weed Management             | 282.83          |        |                |             |
| <b>Total 3108-3 - GA PUMP STATION</b> | <b>282.83</b>   |        |                |             |
| <b>Total 3108 - GLEN ANNE</b>         | <b>2,214.85</b> |        |                |             |
| 3110 - LAURO                          |                 |        |                |             |
| 3110-1 - YARD                         |                 |        |                |             |
| 3110-1a - Maintenance                 | 3,004.17        |        |                |             |
| 3110-1b - Cleaning                    | 2,945.78        |        |                |             |
| 3110-1e - Landscaping                 | 251.40          |        |                |             |
| <b>Total 3110-1 - YARD</b>            | <b>6,201.35</b> |        |                |             |
| 3110-2 - CONTROL STATION              |                 |        |                |             |
| 3110-2a - Maintenance                 | 733.21          |        |                |             |
| 3110-2b - Cleaning                    | 1,106.29        |        |                |             |
| 3110-2f - Operations                  | 204.38          |        |                |             |
| 3110-2h - Inspection                  | 22.71           |        |                |             |
| 3110-2j - Rehabilitation              | 1,265.11        |        |                |             |
| <b>Total 3110-2 - CONTROL STATION</b> | <b>3,331.70</b> |        |                |             |
| 3110-3 - RESERVOIR                    |                 |        |                |             |
| 3110-3c - Fencing                     | 3,142.51        |        |                |             |
| 3110-3d - Weed Management             | 4,260.77        |        |                |             |
| 3110-3g - Road                        | 282.83          |        |                |             |
| 3110-3h - Inspection                  | 125.70          |        |                |             |
| 3110-3j - Rehabilitation              | 73.00           |        |                |             |
| <b>Total 3110-3 - RESERVOIR</b>       | <b>7,884.81</b> |        |                |             |
| 3110-4 - DEBRIS BASINS                |                 |        |                |             |
| 3110-4a - Maintenance                 | 2,490.44        |        |                |             |
| 3110-4d - Weed Management             | 971.03          |        |                |             |
| 3110-4h - Inspection                  | 61.58           |        |                |             |
| <b>Total 3110-4 - DEBRIS BASINS</b>   | <b>3,523.05</b> |        |                |             |

ITEM # 36  
PAGE 4

**COMB**  
**Statement of Revenues and Expenditures Budget vs. Actual**  
 July through October 2010

1:20 PM  
 11/17/10  
 Accrual Basis

|                                       | Jul - Oct 10 | Budget | \$ Over Budget | % of Budget |
|---------------------------------------|--------------|--------|----------------|-------------|
| <b>Total 3110 - LAURO</b>             | 20,940.91    |        |                |             |
| <b>3111 - OFFICE</b>                  |              |        |                |             |
| <b>3111-2 - IMPLANTS</b>              |              |        |                |             |
| 3111-2a - Maintenance                 | 45.42        |        |                |             |
| 3111-2j - Rehabilitation              | 362.13       |        |                |             |
| <b>Total 3111-2 - IMPLANTS</b>        | 407.55       |        |                |             |
| <b>3111-3 - MAIN OFFICE</b>           |              |        |                |             |
| 3111-3j - Rehabilitation              | 90.84        |        |                |             |
| <b>Total 3111-3 - MAIN OFFICE</b>     | 90.84        |        |                |             |
| <b>3111-4 - SHOPS</b>                 |              |        |                |             |
| 3111-4j - Rehabilitation              | 143.69       |        |                |             |
| <b>Total 3111-4 - SHOPS</b>           | 143.69       |        |                |             |
| <b>Total 3111 - OFFICE</b>            | 642.08       |        |                |             |
| <b>3112 - SHEFFIELD</b>               |              |        |                |             |
| <b>3112-1 - CONTROL STATION</b>       |              |        |                |             |
| 3112-1a - Maintenance                 | 609.12       |        |                |             |
| 3112-1b - Cleaning                    | 607.89       |        |                |             |
| 3112-1d - Weed Management             | 664.25       |        |                |             |
| 3112-1h - Inspection                  | 99.45        |        |                |             |
| <b>Total 3112-1 - CONTROL STATION</b> | 1,980.71     |        |                |             |
| <b>3112-2 - TUNNEL</b>                |              |        |                |             |
| 3112-2d - Weed Management             | 288.74       |        |                |             |
| <b>Total 3112-2 - TUNNEL</b>          | 288.74       |        |                |             |
| <b>Total 3112 - SHEFFIELD</b>         | 2,269.45     |        |                |             |
| <b>3113 - ORTEGA</b>                  |              |        |                |             |
| <b>3113-1 - CONTROL STATION</b>       |              |        |                |             |
| 3113-1a - Maintenance                 | 1,454.45     |        |                |             |
| 3113-1b - Cleaning                    | 221.82       |        |                |             |
| 3113-1h - Inspection                  | 53.45        |        |                |             |
| 3113-1j - Rehabilitation              | 113.55       |        |                |             |
| <b>Total 3113-1 - CONTROL STATION</b> | 1,843.27     |        |                |             |
| <b>3113-2 - RESERVOIR</b>             |              |        |                |             |
| 3113-2d - Weed Management             | 2,595.65     |        |                |             |
| 3113-2f - Operations                  | 180.76       |        |                |             |
| 3113-2h - Inspection                  | 317.93       |        |                |             |
| <b>Total 3113-2 - RESERVOIR</b>       | 3,094.34     |        |                |             |

ITEM # 36  
 PAGE 5

**COMB**  
**Statement of Revenues and Expenditures Budget vs. Actual**  
 July through October 2010

|                                       | Jul - Oct 10 | Budget | \$ Over Budget | % of Budget |
|---------------------------------------|--------------|--------|----------------|-------------|
| <b>Total 3113 · ORTEGA</b>            | 4,937.61     |        |                |             |
| <b>3115 · CARPINTERIA</b>             |              |        |                |             |
| 3115-1 · CONTROL STATION              |              |        |                |             |
| 3115-1a · Maintenance                 | 281.01       |        |                |             |
| 3115-1b · Cleaning                    | 663.04       |        |                |             |
| 3115-1h · Inspection                  | 32.92        |        |                |             |
| 3115-1j · Rehabilitation              | 22.71        |        |                |             |
| <b>Total 3115-1 · CONTROL STATION</b> | 999.68       |        |                |             |
| 3115-2 · RESERVOIR                    |              |        |                |             |
| 3115-2d · Weed Management             | 1,085.54     |        |                |             |
| 3115-2h · Inspection                  | 136.25       |        |                |             |
| 3115-2j · Rehabilitation              | 131.40       |        |                |             |
| <b>Total 3115-2 · RESERVOIR</b>       | 1,353.19     |        |                |             |
| <b>Total 3115 · CARPINTERIA</b>       | 2,352.87     |        |                |             |
| <b>3116 · GOLETA REACH</b>            |              |        |                |             |
| 3116-1 · STRUCTURES                   |              |        |                |             |
| 3116-1a · Maintenance                 | 839.85       |        |                |             |
| 3116-1h · Inspection                  | 675.76       |        |                |             |
| <b>Total 3116-1 · STRUCTURES</b>      | 1,515.61     |        |                |             |
| 3116-2 · LATERAL METERS               |              |        |                |             |
| 3116-2b · Cleaning                    | 236.83       |        |                |             |
| 3116-2h · Inspection                  | 204.26       |        |                |             |
| <b>Total 3116-2 · LATERAL METERS</b>  | 441.09       |        |                |             |
| 3116-4 · CONDUIT                      |              |        |                |             |
| 3116-4h · Inspection                  | 379.59       |        |                |             |
| <b>Total 3116-4 · CONDUIT</b>         | 379.59       |        |                |             |
| <b>Total 3116 · GOLETA REACH</b>      | 2,336.29     |        |                |             |
| <b>3117 · CARPINTERIA REACH</b>       |              |        |                |             |
| 3117-1 · STRUCTURES                   |              |        |                |             |
| 3117-1a · Maintenance                 | 397.81       |        |                |             |
| <b>Total 3117-1 · STRUCTURES</b>      | 397.81       |        |                |             |
| 3117-3 · VALVES                       |              |        |                |             |
| 3117-3a · Maintenance                 | 99.45        |        |                |             |
| <b>Total 3117-3 · VALVES</b>          | 99.45        |        |                |             |
| 3117-4 · CONDUIT                      |              |        |                |             |
| 3117-4f · Operations                  | 90.84        |        |                |             |

**COMB**  
**Statement of Revenues and Expenditures Budget vs. Actual**  
 July through October 2010

|                                     | Jul - Oct 10 | Budget     | \$ Over Budget | % of Budget |
|-------------------------------------|--------------|------------|----------------|-------------|
| <b>TOTAL</b>                        |              |            |                |             |
| 3117-4h · Inspection                | 1,227.07     |            |                |             |
| Total 3117-4 · CONDUIT              | 1,317.91     |            |                |             |
|                                     |              |            |                |             |
| Total 3117 · CARPINTERIA REACH      | 1,815.17     |            |                |             |
| 3150 · Health & Workers Comp        | 58,448.15    |            |                |             |
| 3155 · PERS                         | 25,624.21    |            |                |             |
| 3160 · Payroll Comp FICA Ops        | 13,317.85    |            |                |             |
| 3165 · Payroll Comp MCARE Ops       | 3,216.43     |            |                |             |
| 3100 · LABOR - Other                | 0.00         | 821,762.00 | -821,762.00    | 0.0%        |
| Total 3100 · LABOR                  | 304,543.26   | 821,762.00 | -517,218.74    | 37.1%       |
|                                     |              |            |                |             |
| 3200 VEH & EQUIPMENT                |              |            |                |             |
| 3201 · Vehicle/Equip Mtce           | 6,165.80     | 25,000.00  | -18,834.20     | 24.7%       |
| 3202 · Fixed Capital                | 1,422.03     | 10,000.00  | -8,577.97      | 14.2%       |
| 3203 · Equipment Rental             | 427.46       | 5,000.00   | -4,572.54      | 8.5%        |
| 3204 · Miscellaneous                | 937.57       | 5,000.00   | -4,062.43      | 18.8%       |
| Total 3200 VEH & EQUIPMENT          | 8,952.86     | 45,000.00  | -36,047.14     | 19.9%       |
|                                     |              |            |                |             |
| 3300 · CONTRACT LABOR               |              |            |                |             |
| 3301 · Conduit, Meter, Valve & Misc | 1,170.63     | 12,000.00  | -10,829.37     | 9.8%        |
| 3302 · Buildings & Roads            | 8,858.17     | 10,000.00  | -1,141.83      | 88.6%       |
| 3303 · Reservoirs                   | 0.00         | 25,000.00  | -25,000.00     | 0.0%        |
| 3304 · Engineering, Misc Services   | 0.00         | 30,000.00  | -30,000.00     | 0.0%        |
| Total 3300 · CONTRACT LABOR         | 10,028.80    | 77,000.00  | -66,971.20     | 13.0%       |
|                                     |              |            |                |             |
| 3400 · MATERIALS & SUPPLIES         |              |            |                |             |
| 3401 · Conduit, Meter, Valve & Misc | 13,414.05    | 25,000.00  | -11,585.95     | 53.7%       |
| 3402 · Buildings & Roads            | 1,971.51     | 12,000.00  | -10,028.49     | 16.4%       |
| 3403 · Reservoirs                   | 1,804.63     | 10,000.00  | -8,195.37      | 18.0%       |
| Total 3400 · MATERIALS & SUPPLIES   | 17,190.19    | 47,000.00  | -29,809.81     | 36.6%       |
|                                     |              |            |                |             |
| 3500 · OTHER EXPENSES               |              |            |                |             |
| 3501 · Utilities                    | 1,874.35     | 6,500.00   | -4,625.65      | 28.8%       |
| 3502 · Uniforms                     | 474.48       | 2,500.00   | -2,025.52      | 19.0%       |
| 3503 · Communications               | 6,631.18     | 20,000.00  | -13,368.82     | 33.2%       |
| 3504 · USA & Other Services         | 403.50       | 4,000.00   | -3,596.50      | 10.1%       |
| 3505 · Miscellaneous                | 4,529.04     | 8,000.00   | -3,470.96      | 56.6%       |
| 3506 · Training                     | 590.44       | 4,000.00   | -3,409.56      | 14.8%       |
| Total 3500 · OTHER EXPENSES         | 14,502.99    | 45,000.00  | -30,497.01     | 32.2%       |
|                                     |              |            |                |             |
| 4999 · GENERAL & ADMINISTRATIVE     |              |            |                |             |
| 5000 · Director Fees                | 323.30       |            |                |             |
| 5001 · Director Mileage             | 3,456.00     | 12,000.00  | -8,544.00      | 28.8%       |
| 5000 · Director Fees - Other        |              |            |                |             |

ITEM # 36  
 PAGE 7

**COMB**  
**Statement of Revenues and Expenditures Budget vs. Actual**  
July through October 2010

|  | Jul - Oct 10      | Budget            | \$ Over Budget     | % of Budget   |
|--|-------------------|-------------------|--------------------|---------------|
| <b>TOTAL</b>                                     |                   |                   |                    |               |
| Total 5000 · Director Fees                       | 3,779.30          | 12,000.00         | -8,220.70          | 31.5%         |
| 5100 · Legal                                     | 30,666.12         | 62,500.00         | -31,833.88         | 49.1%         |
| 5101-1 · Audit                                   | 8,724.00          | 12,500.00         | -3,776.00          | 69.8%         |
| 5200 · Liability Insurance                       | 35,792.00         | 38,000.00         | -2,208.00          | 94.2%         |
| 5201 · Health & Workers Comp                     | 27,133.69         | 73,647.00         | -46,513.31         | 36.8%         |
| 5250 · PERS                                      | 13,949.37         | 41,362.00         | -27,412.63         | 33.7%         |
| 5260 · Company FICA Admin                        | 4,789.72          | 16,152.16         | -11,362.44         | 29.7%         |
| 5265 · Company MCARE Admin                       | 1,270.97          | 3,674.84          | -2,403.87          | 34.6%         |
| 5300 · Manager Salary                            | 25,615.44         | 74,000.00         | -48,384.56         | 34.6%         |
| 5301 · Administrative Manager                    | 33,299.28         | 96,200.00         | -62,900.72         | 34.6%         |
| 5306 · Administrative Assistant                  | 20,590.39         | 59,436.00         | -38,845.61         | 34.6%         |
| 5310 · Postage/Office Exp                        | 2,369.15          | 7,000.00          | -4,630.85          | 33.8%         |
| 5311 · Office Equip/Leases                       | 2,321.11          | 6,200.00          | -3,878.89          | 37.4%         |
| 5312 · Misc Admin Expenses                       | 3,059.63          | 10,000.00         | -6,940.37          | 30.6%         |
| 5313 · Communications                            | 1,612.53          | 6,000.00          | -4,387.47          | 26.9%         |
| 5314 · Utilities                                 | 2,853.96          | 7,000.00          | -4,146.04          | 40.8%         |
| 5315 · Membership Dues                           | 5,059.00          | 6,050.00          | -991.00            | 83.6%         |
| 5316 · Admin Fixed Assets                        | 0.00              | 5,000.00          | -5,000.00          | 0.0%          |
| 5318 · Computer Consultant                       | 6,894.37          | 15,000.00         | -8,105.63          | 46.0%         |
| 5325 · Emp Training/Subscriptions                | 617.08            | 3,000.00          | -2,382.92          | 20.6%         |
| 5330 · Admin Travel/Conferences                  | 1,589.59          | 3,000.00          | -1,410.41          | 53.0%         |
| 5331 · Public Information                        | 602.28            | 1,000.00          | -397.72            | 60.2%         |
| 5332 · Transportation                            | 281.85            | 1,000.00          | -718.15            | 28.2%         |
| <b>Total 4999 · GENERAL &amp; ADMINISTRATIVE</b> | <b>232,870.83</b> | <b>559,722.00</b> | <b>-326,851.17</b> | <b>41.6%</b>  |
| 5510 · Integrated Reg. Water Mgt Plan            | 0.00              | 25,000.00         | -25,000.00         | 0.0%          |
| <b>6000 · SPECIAL PROJECTS</b>                   |                   |                   |                    |               |
| 6062 · SCADA                                     | 917.60            | 46,500.00         | -45,582.40         | 2.0%          |
| 6090-1 · COMB Bldg/Grounds Repair                | 22,753.73         | 50,000.00         | -27,246.27         | 45.5%         |
| 6092 · SCC Improv Plan & Design                  | 100,978.36        | 130,000.00        | -29,021.64         | 77.7%         |
| 6095 · SCC Valve & Cntrl Sta Rehab               | 0.00              | 35,000.00         | -35,000.00         | 0.0%          |
| 6096 · SCC Structure Rehabilitation              | 0.00              | 60,000.00         | -60,000.00         | 0.0%          |
| 6097 · GIS and Mapping                           | 6,043.19          | 41,000.00         | -34,956.81         | 14.7%         |
| 6100 · Sanitary Survey                           | 0.00              | 51,260.00         | -51,260.00         | 0.0%          |
| <b>Total 6000 · SPECIAL PROJECTS</b>             | <b>130,692.88</b> | <b>413,760.00</b> | <b>-283,067.12</b> | <b>31.6%</b>  |
| <b>6400 · STORM DAMAGE</b>                       |                   |                   |                    |               |
| 6403 · Jesusita Fire Damage                      | 16,375.00         | 290,746.71        | -274,371.71        | 5.6%          |
| 6403-1 · Jesusita Fire Damage - UF               | 0.00              | -290,746.71       | 290,746.71         | 0.0%          |
| <b>Total 6400 · STORM DAMAGE</b>                 | <b>16,375.00</b>  | <b>0.00</b>       | <b>16,375.00</b>   | <b>100.0%</b> |
| <b>8000 · DEBT SERVICE 2010 BOND PAYROLL</b>     |                   |                   |                    |               |
| Gross  | -0.11             | 487,500.00        | -487,500.00        | 0.0%          |
| Gross-CCRB                                       | -0.10             |                   |                    |               |

ITEM # 36  
PAGE 8

1:20 PM

11/17/10

Accrual Basis

COMB

# Statement of Revenues and Expenditures Budget vs. Actual

July through October 2010

|               | TOTAL        |              |                |             |
|---------------|--------------|--------------|----------------|-------------|
|               | Jul - Oct 10 | Budget       | \$ Over Budget | % of Budget |
| Total PAYROLL | -0.21        |              |                |             |
| Total Expense | 735,156.75   | 2,521,744.00 | -1,786,587.25  | 29.2%       |
| Net Income    | 432,588.16   | 0.00         | 432,588.16     | 100.0%      |

ITEM # 36  
 PAGE 9

1:19 PM  
 11/17/10  
 Accrual Basis

**COMB**  
**Statement of Revenue & Expenses Prev Year Comparison**  
**July through October 2010**

|  | Jul - Oct 10        | Jul - Oct 09        | \$ Change          |
|--|---------------------|---------------------|--------------------|
| <b>Income</b>                            |                     |                     |                    |
| <b>3000 REVENUE</b>                      |                     |                     |                    |
| 3001 · O&M Budget (Qtrly Assessments)    | 994,584.56          | 1,682,863.50        | -688,278.94        |
| 3004 · WIP Revenue                       | 171,220.00          | 0.00                | 171,220.00         |
| 3007 · Renewal Fund                      | 0.00                | 0.00                | 0.00               |
| 3010 · Interest Income                   | 1,940.35            | 3,750.65            | -1,810.30          |
| 3020 · Misc Income                       | 0.00                | 15.00               | -15.00             |
| 3021 · Grant Income                      | 0.00                | 0.00                | 0.00               |
| <b>Total 3000 REVENUE</b>                | <b>1,167,744.91</b> | <b>1,686,629.15</b> | <b>-518,884.24</b> |
| <b>Total Income</b>                      | <b>1,167,744.91</b> | <b>1,686,629.15</b> | <b>-518,884.24</b> |
| <b>Gross Profit</b>                      | <b>1,167,744.91</b> | <b>1,686,629.15</b> | <b>-518,884.24</b> |
| <b>Expense</b>                           |                     |                     |                    |
| 4000 · Reconciliation Discrepancies      | 0.15                | 0.16                | -0.01              |
| <b>3100 · LABOR</b>                      |                     |                     |                    |
| 3101-E · Engineer                        | 24,558.04           | 0.00                | 24,558.04          |
| 3101-A · Ops Supervisor                  | 31,011.75           | 0.00                | 31,011.75          |
| 3101-H · Holiday Leave                   | 3,299.59            | 4,516.77            | -1,217.18          |
| 3101-S · Sick Leave                      | 38,785.45           | 4,523.91            | 34,261.54          |
| 3101-V · Vacation Leave                  | 19,377.50           | 4,404.57            | 14,972.93          |
| 3102 · Meter Reading                     | 956.23              | 1,574.54            | -618.31            |
| 3103 · SCC Ops                           | 41,507.83           | 100,440.51          | -58,932.68         |
| 3104 · Veh & Equip Mtce                  | 1,824.73            | 1,022.96            | 801.77             |
| 3105 · SCADA                             | 111.26              | 1,843.58            | -1,732.32          |
| 3106 · Rodent Bait                       | 658.57              | 2,047.94            | -1,389.37          |
| <b>3107 · NORTH PORTAL</b>               |                     |                     |                    |
| <b>3107-1 · NP INTAKE TOWER</b>          |                     |                     |                    |
| 3107-1b · Cleaning                       | 940.71              | 763.71              | 177.00             |
| 3107-1f · Operations                     | 219.00              | 0.00                | 219.00             |
| 3107-1g · Road                           | 0.00                | 116.80              | -116.80            |
| 3107-1j · Rehabilitation                 | 0.00                | 526.74              | -526.74            |
| <b>Total 3107-1 · NP INTAKE TOWER</b>    | <b>1,159.71</b>     | <b>1,407.25</b>     | <b>-247.54</b>     |
| <b>3107-2 · NP CONTROL STATION</b>       |                     |                     |                    |
| 3107-2a · Maintenance                    | 597.08              | 182.64              | 414.44             |
| 3107-2d · Weed Management                | 1,203.58            | 268.76              | 934.82             |
| 3107-2e · Landscaping                    | 0.00                | 62.85               | -62.85             |
| 3107-2f · Operations                     | 0.00                | 109.05              | -109.05            |
| 3107-2g · Road                           | 0.00                | 62.85               | -62.85             |
| 3107-2j · Rehabilitation                 | 113.55              | 0.00                | 113.55             |
| <b>Total 3107-2 · NP CONTROL STATION</b> | <b>1,914.21</b>     | <b>686.15</b>       | <b>1,228.06</b>    |
| <b>3107-3 · NP TECOLOTE TUNNEL</b>       |                     |                     |                    |
| 3107-3a · Maintenance                    | 157.13              | 0.00                | 157.13             |
| 3107-3j · Rehabilitation                 | 1,105.39            | 0.00                | 1,105.39           |
| <b>Total 3107-3 · NP TECOLOTE TUNNEL</b> | <b>1,262.52</b>     | <b>0.00</b>         | <b>1,262.52</b>    |
| <b>Total 3107 · NORTH PORTAL</b>         | <b>4,336.44</b>     | <b>2,093.40</b>     | <b>2,243.04</b>    |
| <b>3108 · GLEN ANNE</b>                  |                     |                     |                    |
| <b>3108-1 · GA SOUTH PORTAL</b>          |                     |                     |                    |
| 3108-1a · Maintenance                    | 0.00                | 848.48              | -848.48            |
| 3108-1d · Weed Management                | 494.74              | 339.00              | 155.74             |
| 3108-1g · Road                           | 0.00                | 588.87              | -588.87            |
| 3108-1h · Inspection                     | 248.63              | 149.27              | 99.36              |
| <b>Total 3108-1 · GA SOUTH PORTAL</b>    | <b>743.37</b>       | <b>1,925.62</b>     | <b>-1,182.25</b>   |
| <b>3108-2 · GA RESERVOIR</b>             |                     |                     |                    |
| 3108-2d · Weed Management                | 642.38              | 116.80              | 525.58             |
| 3108-2h · Inspection                     | 157.13              | 0.00                | 157.13             |
| 3108-2j · Rehabilitation                 | 389.14              | 0.00                | 389.14             |
| <b>Total 3108-2 · GA RESERVOIR</b>       | <b>1,188.65</b>     | <b>116.80</b>       | <b>1,071.85</b>    |
| <b>3108-3 · GA PUMP STATION</b>          |                     |                     |                    |



1:19 PM

11/17/10

Accrual Basis

COMB

Statement of Revenue & Expenses Prev Year Comparison
July through October 2010

Table with 4 columns: Description, Jul - Oct 10, Jul - Oct 09, and \$ Change. Rows include categories like 3108-3d Weed Management, 3110-1 YARD, 3110-2 CONTROL STATION, 3110-3 RESERVOIR, 3110-4 DEBRIS BASINS, 3111 OFFICE, and 3112 SHEFFIELD.

1:19 PM  
 11/17/10  
 Accrual Basis

**COMB**  
**Statement of Revenue & Expenses Prev Year Comparison**  
**July through October 2010**

|                                       | Jul - Oct 10    | Jul - Oct 09    | \$ Change       |
|---------------------------------------|-----------------|-----------------|-----------------|
| 3112-1b · Cleaning                    | 607.89          | 0.00            | 607.89          |
| 3112-1d · Weed Management             | 664.25          | 87.60           | 576.65          |
| 3112-1h · Inspection                  | 99.45           | 0.00            | 99.45           |
| <b>Total 3112-1 · CONTROL STATION</b> | <b>1,980.71</b> | <b>276.15</b>   | <b>1,704.56</b> |
| 3112-2 · TUNNEL                       |                 |                 |                 |
| 3112-2d · Weed Management             | 288.74          | 0.00            | 288.74          |
| <b>Total 3112-2 · TUNNEL</b>          | <b>288.74</b>   | <b>0.00</b>     | <b>288.74</b>   |
| <b>Total 3112 · SHEFFIELD</b>         | <b>2,269.45</b> | <b>276.15</b>   | <b>1,993.30</b> |
| 3113 · ORTEGA                         |                 |                 |                 |
| 3113-1 · CONTROL STATION              |                 |                 |                 |
| 3113-1a · Maintenance                 | 1,454.45        | 0.00            | 1,454.45        |
| 3113-1b · Cleaning                    | 221.82          | 0.00            | 221.82          |
| 3113-1c · Fencing                     | 0.00            | 219.98          | -219.98         |
| 3113-1d · Weed Management             | 0.00            | 62.85           | -62.85          |
| 3113-1f · Operations                  | 0.00            | 125.70          | -125.70         |
| 3113-1h · Inspection                  | 53.45           | 0.00            | 53.45           |
| 3113-1j · Rehabilitation              | 113.55          | 0.00            | 113.55          |
| <b>Total 3113-1 · CONTROL STATION</b> | <b>1,843.27</b> | <b>408.53</b>   | <b>1,434.74</b> |
| 3113-2 · RESERVOIR                    |                 |                 |                 |
| 3113-2a · Maintenance                 | 0.00            | 62.85           | -62.85          |
| 3113-2d · Weed Management             | 2,595.65        | 179.65          | 2,416.00        |
| 3113-2f · Operations                  | 180.76          | 866.37          | -685.61         |
| 3113-2h · Inspection                  | 317.93          | 233.60          | 84.33           |
| <b>Total 3113-2 · RESERVOIR</b>       | <b>3,094.34</b> | <b>1,342.47</b> | <b>1,751.87</b> |
| <b>Total 3113 · ORTEGA</b>            | <b>4,937.61</b> | <b>1,751.00</b> | <b>3,186.61</b> |
| 3115 · CARPINTERIA                    |                 |                 |                 |
| 3115-1 · CONTROL STATION              |                 |                 |                 |
| 3115-1a · Maintenance                 | 281.01          | 204.39          | 76.62           |
| 3115-1b · Cleaning                    | 663.04          | 94.28           | 568.76          |
| 3115-1c · Fencing                     | 0.00            | 128.24          | -128.24         |
| 3115-1d · Weed Management             | 0.00            | 62.85           | -62.85          |
| 3115-1f · Operations                  | 0.00            | 128.24          | -128.24         |
| 3115-1h · Inspection                  | 32.92           | 0.00            | 32.92           |
| 3115-1j · Rehabilitation              | 22.71           | 0.00            | 22.71           |
| <b>Total 3115-1 · CONTROL STATION</b> | <b>999.68</b>   | <b>618.00</b>   | <b>381.68</b>   |
| 3115-2 · RESERVOIR                    |                 |                 |                 |
| 3115-2c · Fencing                     | 0.00            | 94.28           | -94.28          |
| 3115-2d · Weed Management             | 1,085.54        | 179.65          | 905.89          |
| 3115-2h · Inspection                  | 136.25          | 29.20           | 107.05          |
| 3115-2j · Rehabilitation              | 131.40          | 0.00            | 131.40          |
| <b>Total 3115-2 · RESERVOIR</b>       | <b>1,353.19</b> | <b>303.13</b>   | <b>1,050.06</b> |
| <b>Total 3115 · CARPINTERIA</b>       | <b>2,352.87</b> | <b>921.13</b>   | <b>1,431.74</b> |
| 3116 · GOLETA REACH                   |                 |                 |                 |
| 3116-1 · STRUCTURES                   |                 |                 |                 |
| 3116-1a · Maintenance                 | 839.85          | 149.72          | 690.13          |
| 3116-1b · Cleaning                    | 0.00            | 106.87          | -106.87         |
| 3116-1h · Inspection                  | 675.76          | 0.00            | 675.76          |
| 3116-1i · Engineering                 | 0.00            | 502.80          | -502.80         |
| <b>Total 3116-1 · STRUCTURES</b>      | <b>1,515.61</b> | <b>759.39</b>   | <b>756.22</b>   |
| 3116-2 · LATERAL METERS               |                 |                 |                 |
| 3116-2b · Cleaning                    | 236.83          | 0.00            | 236.83          |
| 3116-2h · Inspection                  | 204.26          | 32.92           | 171.34          |
| <b>Total 3116-2 · LATERAL METERS</b>  | <b>441.09</b>   | <b>32.92</b>    | <b>408.17</b>   |
| 3116-4 · CONDUIT                      |                 |                 |                 |
| 3116-4h · Inspection                  | 379.59          | 0.00            | 379.59          |

1:19 PM

11/17/10

Accrual Basis

**COMB**  
**Statement of Revenue & Expenses Prev Year Comparison**  
**July through October 2010**

|                                     | Jul - Oct 10 | Jul - Oct 09 | \$ Change |
|-------------------------------------|--------------|--------------|-----------|
| Total 3116-4 · CONDUIT              | 379.59       | 0.00         | 379.59    |
| Total 3116 · GOLETA REACH           | 2,336.29     | 792.31       | 1,543.98  |
| 3117 · CARPINTERIA REACH            |              |              |           |
| 3117-1 · STRUCTURES                 |              |              |           |
| 3117-1a · Maintenance               | 397.81       | 0.00         | 397.81    |
| 3117-1j · Rehabilitation            | 0.00         | 377.10       | -377.10   |
| Total 3117-1 · STRUCTURES           | 397.81       | 377.10       | 20.71     |
| 3117-2 · LATERAL METERS             |              |              |           |
| 3117-2j · Rehabilitation            | 0.00         | 65.84        | -65.84    |
| Total 3117-2 · LATERAL METERS       | 0.00         | 65.84        | -65.84    |
| 3117-3 · VALVES                     |              |              |           |
| 3117-3a · Maintenance               | 99.45        | 0.00         | 99.45     |
| Total 3117-3 · VALVES               | 99.45        | 0.00         | 99.45     |
| 3117-4 · CONDUIT                    |              |              |           |
| 3117-4f · Operations                | 90.84        | 0.00         | 90.84     |
| 3117-4h · Inspection                | 1,227.07     | 0.00         | 1,227.07  |
| Total 3117-4 · CONDUIT              | 1,317.91     | 0.00         | 1,317.91  |
| Total 3117 · CARPINTERIA REACH      | 1,815.17     | 442.94       | 1,372.23  |
| 3150 · Health & Workers Comp        | 58,448.15    | 52,405.59    | 6,042.56  |
| 3155 · PERS                         | 25,624.21    | 22,634.27    | 2,989.94  |
| 3160 · Payroll Comp FICA Ops        | 13,317.85    | 9,852.75     | 3,465.10  |
| 3165 · Payroll Comp MCARE Ops       | 3,216.43     | 2,304.28     | 912.15    |
| Total 3100 · LABOR                  | 304,543.26   | 230,132.79   | 74,410.47 |
| 3200 VEH & EQUIPMENT                |              |              |           |
| 3201 · Vehicle/Equip Mtce           | 6,165.80     | 5,801.92     | 363.88    |
| 3202 · Fixed Capital                | 1,422.03     | 1,251.19     | 170.84    |
| 3203 · Equipment Rental             | 427.46       | 442.48       | -15.02    |
| 3204 · Miscellaneous                | 937.57       | 1,853.09     | -915.52   |
| Total 3200 VEH & EQUIPMENT          | 8,952.86     | 9,348.68     | -395.82   |
| 3300 · CONTRACT LABOR               |              |              |           |
| 3301 · Conduit, Meter, Valve & Misc | 1,170.63     | 3,294.55     | -2,123.92 |
| 3302 · Buildings & Roads            | 8,858.17     | 496.01       | 8,362.16  |
| 3303 · Reservoirs                   | 0.00         | 2,080.00     | -2,080.00 |
| Total 3300 · CONTRACT LABOR         | 10,028.80    | 5,870.56     | 4,158.24  |
| 3400 · MATERIALS & SUPPLIES         |              |              |           |
| 3401 · Conduit, Meter, Valve & Misc | 13,414.05    | 100.87       | 13,313.18 |
| 3402 · Buildings & Roads            | 1,971.51     | 3,752.58     | -1,781.07 |
| 3403 · Reservoirs                   | 1,804.63     | 1,339.22     | 465.41    |
| Total 3400 · MATERIALS & SUPPLIES   | 17,190.19    | 5,192.67     | 11,997.52 |
| 3500 · OTHER EXPENSES               |              |              |           |
| 3501 · Utilities                    | 1,874.35     | 1,456.13     | 418.22    |
| 3502 · Uniforms                     | 474.48       | 206.49       | 267.99    |
| 3503 · Communications               | 6,631.18     | 5,611.19     | 1,019.99  |
| 3504 · USA & Other Services         | 403.50       | 710.00       | -306.50   |
| 3505 · Miscellaneous                | 4,529.04     | 3,590.28     | 938.76    |
| 3506 · Training                     | 590.44       | 475.00       | 115.44    |
| Total 3500 · OTHER EXPENSES         | 14,502.99    | 12,049.09    | 2,453.90  |
| 4999 · GENERAL & ADMINISTRATIVE     |              |              |           |
| 5000 · Director Fees                |              |              |           |
| 5001 · Director Mileage             | 323.30       | 416.92       | -93.62    |
| 5000 · Director Fees - Other        | 3,456.00     | 4,096.00     | -640.00   |
| Total 5000 · Director Fees          | 3,779.30     | 4,512.92     | -733.62   |
| 5100 · Legal                        | 30,666.12    | 32,290.33    | -1,624.21 |

1:19 PM  
 11/17/10  
 Accrual Basis

**COMB**  
**Statement of Revenue & Expenses Prev Year Comparison**  
**July through October 2010**

|  | Jul - Oct 10      | Jul - Oct 09        | \$ Change          |
|--|-------------------|---------------------|--------------------|
| 5101-1 · Audit                                   | 8,724.00          | 12,000.00           | -3,276.00          |
| 5200 · Liability Insurance                       | 35,792.00         | 31,629.00           | 4,163.00           |
| 5201 · Health & Workers Comp                     | 27,133.69         | 26,845.36           | 288.33             |
| 5250 · PERS                                      | 13,949.37         | 13,522.68           | 426.69             |
| 5260 · Company FICA Admin                        | 4,789.72          | 4,914.72            | -125.00            |
| 5265 · Company MCARE Admin                       | 1,270.97          | 1,248.12            | 22.85              |
| 5300 · Manager Salary                            | 25,615.44         | 24,576.84           | 1,038.60           |
| 5301 · Administrative Manager                    | 33,299.28         | 33,299.28           | 0.00               |
| 5306 · Administrative Assistant                  | 20,590.39         | 20,568.96           | 21.43              |
| 5310 · Postage/Office Exp                        | 2,369.15          | 2,612.51            | -243.36            |
| 5311 · Office Equip/Leases                       | 2,321.11          | 2,070.72            | 250.39             |
| 5312 · Misc Admin Expenses                       | 3,059.63          | 2,015.99            | 1,043.64           |
| 5313 · Communications                            | 1,612.53          | 1,250.88            | 361.65             |
| 5314 · Utilities                                 | 2,853.96          | 2,815.49            | 38.47              |
| 5315 · Membership Dues                           | 5,059.00          | 4,529.00            | 530.00             |
| 5318 · Computer Consultant                       | 6,894.37          | 6,376.77            | 517.60             |
| 5325 · Emp Training/Subscriptions                | 617.08            | 360.00              | 257.08             |
| 5330 · Admin Travel/Conferences                  | 1,589.59          | 0.00                | 1,589.59           |
| 5331 · Public Information                        | 602.28            | 284.67              | 317.61             |
| 5332 · Transportation                            | 281.85            | 237.81              | 44.04              |
| <b>Total 4999 · GENERAL &amp; ADMINISTRATIVE</b> | <b>232,870.83</b> | <b>227,962.05</b>   | <b>4,908.78</b>    |
| <b>6000 · SPECIAL PROJECTS</b>                   |                   |                     |                    |
| 6062 · SCADA                                     | 917.60            | 9,320.00            | -8,402.40          |
| 6090-1 · COMB Bldg/Grounds Repair                | 22,753.73         | 3,477.50            | 19,276.23          |
| 6092 · SCC Improv Plan & Design                  | 100,978.36        | 77,123.31           | 23,855.05          |
| 6096 · SCC Structure Rehabilitation              | 0.00              | 1,593.44            | -1,593.44          |
| 6097 · GIS and Mapping                           | 6,043.19          | 1,416.73            | 4,626.46           |
| <b>Total 6000 · SPECIAL PROJECTS</b>             | <b>130,692.88</b> | <b>92,930.98</b>    | <b>37,761.90</b>   |
| <b>6400 · STORM DAMAGE</b>                       |                   |                     |                    |
| 6403 · Jesusita Fire Damage                      | 16,375.00         | 20,651.61           | -4,276.61          |
| <b>Total 6400 · STORM DAMAGE</b>                 | <b>16,375.00</b>  | <b>20,651.61</b>    | <b>-4,276.61</b>   |
| <b>PAYROLL</b>                                   |                   |                     |                    |
| Gross  | -0.11             | 0.04                | -0.15              |
| Gross-CCRB                                       | -0.10             | 0.03                | -0.13              |
| <b>Total PAYROLL</b>                             | <b>-0.21</b>      | <b>0.07</b>         | <b>-0.28</b>       |
| <b>Total Expense</b>                             | <b>735,156.75</b> | <b>604,138.66</b>   | <b>131,018.09</b>  |
| <b>Net Income</b>                                | <b>432,588.16</b> | <b>1,082,490.49</b> | <b>-649,902.33</b> |

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

[www.treasurer.ca.gov/pmia](http://www.treasurer.ca.gov/pmia)  
-laif  
 November 10,  
 2010

CACHUMA OPERATION AND MAINTENANCE BOARD

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

PMIA Average Monthly Yields

Transactions

October 2010 Statement

Tran Type Definitions

| Effective Date | Transaction Date | Tran Type | Confirm Number | Authorized Caller | Amount |
|----------------|------------------|-----------|----------------|-------------------|--------|
| 10/15/2010     | 10/14/2010       | QRD       | 1290170        | SYSTEM            | 581.41 |

Account Summary

|                   |        |                    |            |
|-------------------|--------|--------------------|------------|
| Total Deposit:    | 581.41 | Beginning Balance: | 424,377.77 |
| Total Withdrawal: | 0.00   | Ending Balance:    | 424,959.18 |

**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 October, 2010, complies with legal requirements for investment policy of government agencies, AB 1073. I hereby certify that it constitutes a complete and accurate summary of all LAIF investments of this agency for the period indicated.

  
 \_\_\_\_\_  
 Secretary

ITEM # 36  
 PAGE 15

**SANTA BARBARA  
BANK & TRUST**

P.O. Box 60839, S.B., CA, 93160-0839

4597  
Cachuma Operation & Maintenance Board  
Master Contract Renewal Fund  
3301 Laurel Canyon Rd  
Santa Barbara CA 93105-2017

| Banking Statement |                          |
|-------------------|--------------------------|
| Statement Period: | 10/01/2010 to 10/31/2010 |
| Customer Number:  |                          |

Customer Service Representative  
(888) 400-SBBT (400-7228)

BANKLINE-24-HOUR AUTOMATED INFORMATION  
(800) 287-SBBT (287-7228)

www.sbbt.com

On January 1, 2011, changes to our Schedule of Fees and Charges will go into effect. Enclosed is a complete list of those fees and charges that are affected. We recommend that this important document be kept with your bank and financial disclosures for future reference. Should you have any questions, please contact any of our conveniently located branch offices for assistance.

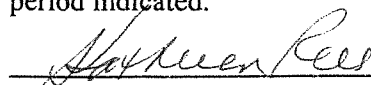
| Business Money Market                 |              |
|---------------------------------------|--------------|
| <b>Checking Summary</b>               |              |
| Cachuma Operation & Maintenance Board |              |
| Master Contract Renewal Fund          |              |
| Account Number                        | 102335072    |
| Interest Paid YTD                     | 37.46        |
| Interest Paid Last Year               | 49.13        |
| <b>Deposit Account Recap</b>          |              |
| Beginning Balance as of               |              |
| October 1, 2010                       | 109,349.76 ✓ |
| 2 Deposits (Plus)                     | 59,326.65    |
| 2 Withdrawals (Minus)                 | 163,674.00   |
| Ending Balance as of                  |              |
| October 31, 2010                      | 5,002.41     |
| Service Charge                        | 10.00        |
| Interest Paid                         | 18.65        |

**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 October, 2010, 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 Santa Barbara Bank & Trust investments of this agency for the period indicated.

  
Secretary

ITEM # 36  
PAGE 16

**SANTA BARBARA  
BANK & TRUST**

P.O. Box 60839, S.B., CA, 93160-0839

4598

Cachuma Operation & Maintenance Board  
Cachuma Project Trust Fund  
3301 Laurel Canyon Rd  
Santa Barbara CA 93105-2017

**Banking Statement**

Statement Period: 10/01/2010 to 10/31/2010

Customer Number:

Customer Service Representative  
(888) 400-SBBT (400-7228)

BANKLINE-24-HOUR AUTOMATED INFORMATION  
(800) 287-SBBT (287-7228)

www.sbbt.com

On January 1, 2011, changes to our Schedule of Fees and Charges will go into effect. Enclosed is a complete list of those fees and charges that are affected. We recommend that this important document be kept with your bank and financial disclosures for future reference. Should you have any questions, please contact any of our conveniently located branch offices for assistance.

**Public Capital Tiered MMDA**

**Checking Summary**

Cachuma Operation & Maintenance Board

Cachuma Project Trust Fund

|                         |           |
|-------------------------|-----------|
| Account Number          | 102335080 |
| Interest Paid YTD       | 400.86    |
| Interest Paid Last Year | 846.73    |

Deposit Account Recap

|                         |           |   |
|-------------------------|-----------|---|
| Beginning Balance as of |           |   |
| October 1, 2010         | 19,680.25 | ✓ |
| 2 Deposits (Plus)       | 48,948.54 | ✓ |
| Ending Balance as of    |           |   |
| October 31, 2010        | 68,628.79 |   |
| Interest Paid           | 14.54     |   |

*KRZ 11/10/10*

**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 October, 2010, 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 Santa Barbara Bank & Trust investments of this agency for the period indicated.

*Kathleen Rees*

Secretary

ITEM # 3b  
PAGE 17

comb2  
**Payment of Claims**  
As of October 31, 2010

|                    | Date       | Num                      | Name  | Memo   | Amount      |
|--------------------|------------|--------------------------|---|--|-------------|
| 1050 · GEN<br>FUND | 10/04/2010 | 19294                    | Bureau of Reclamation                                 | Bradbury Dam SOD 9th Annual installment  | -164,869.70 |
|                    | 10/04/2010 | 19295                    | Bureau of Reclamation                                 | Lauro Dam SOD 3rd Annual installment   | -32,088.00  |
|                    | 10/04/2010 | 19296                    | Acorn Landscape Management Co.                        | Scheduled mtce   | -253.17     |
|                    | 10/04/2010 | 19297                    | ACWA Health Benefits Authority (HBA)                  | Nov EAP  | -46.02      |
|                    | 10/04/2010 | 19298                    | Alexander Hamilton Institute Inc.                     | Personnel Legal Alert 3/21/11-3/5/12   | -162.44     |
|                    | 10/04/2010 | 19299                    | All Around Landscape Supply                           | Supplies-Lauro Debris basin  | -19.38      |
|                    | 10/04/2010 | 19300                    | BNI Building News                                     | 2011 Greenbook/2009 Standard Plans   | -119.22     |
|                    | 10/04/2010 | 19301                    | Business Card   | KR-ofc cooler/Emp Apprec lunch/Hotel-GIS training/<br>Mtg-meals  | -1,149.07   |
|                    | 10/04/2010 | 19302                    | Business Card   | JC-Hotel Tesco mtg/Maplogic mapbook software license   | -2,117.60   |
|                    | 10/04/2010 | 19303                    | Business Card   | JG-Webhost/Hotel-workshop/backup software  | -337.11     |
|                    | 10/04/2010 | 19304                    | CIO Solutions, LP                                     | Antivirus new license 1 yr   | -652.50     |
|                    | 10/04/2010 | 19305                    | CIO Solutions, LP                                     | Support  | -262.50     |
|                    | 10/04/2010 | 19306                    | Environmental Systems Research Inst.                  | ArcInfo/ArcGIS/ArcView 1/11/11-1/10/12 PO#8972   | -5,866.89   |
|                    | 10/04/2010 | 19307                    | Flowers & Associates, Inc.                            | SCC Right-of-Way Definition Proj Aug PO#09-10-11--<br>Eng/tech services-prepare-submit waterline locations<br>exhibits | -1,678.50   |
|                    | 10/04/2010 | 19308                    | Flowers & Associates, Inc.                            | SCC Emerg Repair Design Proj Aug PO#09-10-10--<br>Eng/tech services-plan update & cost estimating                      | -654.60     |
|                    | 10/04/2010 | 19309                    | GE Capital  | Copier lease Billing ID#90133933786  | -499.16     |
|                    | 10/04/2010 | 19310                    | Growing Solutions                                     | Plant care-2nd barrel site PO#8931   | -100.00     |
|                    | 10/04/2010 | 19311                    | HACH Company  | Flow meter PO#5084 (CCRB)  | -4,107.84   |
|                    | 10/04/2010 | 19312                    | Laser Cartridge Co.                                   | Cartridge recharge   | -162.80     |
|                    | 10/04/2010 | 19313                    | MNS Engineers, Inc.                                   | SCC Pipe assessment-Aug PO#10-11-16<br>Project initiation mtg/plan review/site visit/assess report                     | -4,995.00   |
|                    | 10/04/2010 | 19314                    | Nextel Communications                                 | Cellular   | -642.69     |
|                    | 10/04/2010 | 19315                    | PG&E  | NP/Tecolote tunnel   | -228.09     |
|                    | 10/04/2010 | 19316                    | Pitney Bowes Global Financial Services                | Postage machine lease 10/10/10-1/10/11   | -446.97     |
|                    | 10/04/2010 | 19317                    | Praxair Distribution, Inc                             | Cylinder rental  | -44.64      |
|                    | 10/04/2010 | 19318                    | Santa Barbara News Press                              | WSW l ad   | -818.92     |
|                    | 10/04/2010 | 19319                    | UPS   | Shipping   | -10.22      |
|                    | 10/04/2010 | 19320                    | American Water Works Association                      | Water Transmission & Dist bk/Student workbook  | -130.50     |
|                    | 10/04/2010 | 19321                    | American Water Works Association                      | Water Dist Operator Training handbook  | -113.50     |
|                    | 10/04/2010 | 19322                    | Cashier, DPR  | QAC license/cert renewal-F. Bautista   | -60.00      |
|                    | 10/04/2010 | 19323                    | CIO Solutions, LP                                     | Additional Antivirus licenses 1 yr   | -240.00     |
|                    | 10/04/2010 | 19324                    | CIO Solutions, LP                                     | Maintain IT-Oct  | -2,257.00   |
|                    | 10/04/2010 | 19325                    | COMB - Revolving Fund                                 | Oct 15 & 29 payroll/taxes  | -106,265.99 |
|                    | 10/04/2010 | 19326                    | ECHO Communications                                   | Answering service  | -64.40      |
|                    | 10/04/2010 | 19327                    | Underground Service Alert of So. Calif.               | Sep tickets  | -97.50      |
|                    | 10/04/2010 | 19328                    | Verizon Wireless                                      | Cellular   | -224.01     |
|                    | 10/04/2010 | 19329                    | Bureau of Reclamation                                 | 1st Period Entitlement 10/1/10-4/1/11  | -740,223.68 |
|                    | 10/04/2010 | 19330                    | Cachuma O & M Board-Renewal Fund                      | GWD Renewal Fund assessment transfer   | -59,308.00  |
|                    | 10/14/2010 | 19331                    | ACWA Health Benefits Auth. (HBA)                      | 11/1-12/1/10 coverage  | -12,770.50  |
|                    | 10/14/2010 | 19332                    | AECOM USA Inc.  | TO#18 2nd Barrel-Right of Way services 9/1-30/10   | -2,960.01   |
|                    | 10/14/2010 | 19333                    | AECOM USA Inc.  | TO#30 Rel/Alt Study-Lower Reach Ortega to Carp (Reach :  | -1,822.80   |
|                    | 10/14/2010 | 19334                    | AECOM USA Inc.  | TO#31 Prog mgmt/plan/mtgs-SCC improv 7/1-8/31/10   | -2,546.50   |
|                    | 10/14/2010 | 19335                    | All Around Landscape Supply                           | Supplies-Lauro Debris basin-bal inv due  | -174.00     |
|                    | 10/14/2010 | 19336                    | AT&T  | Sep statement  | -251.01     |
|                    | 10/14/2010 | 19337                    | CIO Solutions, LP                                     | Postini-Oct  | -52.50      |
|                    | 10/14/2010 | 19338                    | CIO Solutions, LP                                     | Support  | -1,793.75   |
|                    | 10/14/2010 | 19339                    | City of Santa-Barbara                                 | Refuse/recycle 8/31-9/30/10  | -162.70     |
|                    | 10/14/2010 | 19340                    | City of Santa Barbara-Central Stores                  | Gloves/markings paint  | -250.76     |
|                    | 10/14/2010 | 19341                    | County of Santa-Barbara                               | Green waste disposal   | -39.93      |
|                    | 10/14/2010 | 19342                    | Cox Communications                                    | Business internet 10/1-31/10   | -195.00     |
|                    | 10/14/2010 | 19343                    | Culligan Water  | RO system Oct  | -24.95      |
|                    | 10/14/2010 | 19344                    | Draganchuk Alarm Systems                              | Alarm monitoring 10/1-12/31/10   | -82.50      |
|                    | 10/14/2010 | 19345                    | Electronic Data Solutions                             | Priority support-1yr (GPS unit & program) PO#8970  | -495.00     |
|                    | 10/14/2010 | 19346                    | Fleet Services  | Fuel   | -1,360.07   |
| 10/14/2010         | 19347      | GE Capital               | Copier lease Billing ID#90136047559                   | -134.85  |             |
| 10/14/2010         | 19348      | Hayward Santa Barbara    | Epoxy/replacement nozzles                             | -220.71  |             |
| 10/14/2010         | 19349      | J&C Services             | Ofc cleaning 8/27, 9/3,10,17                          | -500.00  |             |
| 10/14/2010         | 19350      | MarBorg Industries       | Portable toilets                                      | -328.62  |             |
| 10/14/2010         | 19351      | McCormix Corp.           | Diesel fuel   | -161.69  |             |
| 10/14/2010         | 19352      | McMaster-Carr Supply Co. | Telescoping ladders PO#8973                           | -1,422.03  |             |
| 10/14/2010         | 19353      | Melinda L. Fournier      | Oak tree/Honeysuckle restoration Sep srvc PO#09-10-08 | -4,320.00  |             |



comb2  
**Payment of Claims**  
As of October 31, 2010

| <u>Date</u>                | <u>Num</u> | <u>Name</u>                           | <u>Memo</u>  | <u>Amount</u>               |
|----------------------------|------------|---------------------------------------|--|-----------------------------|
| 10/14/2010                 | 19354      | Nordman, Cormany, Hair & Compton      | Gen Counsel Sep services   | -3,037.50                   |
| 10/14/2010                 | 19355      | Nordman, Cormany, Hair & Compton      | Gen Counsel-Brown matter Sep services  | -7,230.00                   |
| 10/14/2010                 | 19356      | Paychex, Inc.                         | 9/3,17, 10/1 payrolls/taxes  | -360.49                     |
| 10/14/2010                 | 19357      | Powell Garage                         | CCRB veh's-oil/filters/inspection/brakes/transmission inspections  | -780.53                     |
| 10/14/2010                 | 19358      | Premiere Global Services              | Conf. calls Sep  | -34.14                      |
| 10/14/2010                 | 19359      | Prudential Overall Supply             | Mats   | -292.04                     |
| 10/14/2010                 | 19360      | Rauch Communication Consultants, Inc. | Website work thru 8/31/10  | -329.37                     |
| 10/14/2010                 | 19361      | Republic Elevator Co.                 | Scheduled mtce-NP elevator   | -266.91                     |
| 10/14/2010                 | 19362      | Sansum Clinic-Occupational Medicine   | Pre-employment physical-S.King   | -209.00                     |
| 10/14/2010                 | 19363      | Seton Identification Products         | Confined space oilboard stencil PO#8974  | -169.95                     |
| 10/14/2010                 | 19364      | Southern California Edison            | Main ofc/outlying stations/Glen Anne gate/Corona/ Foothill Rd  | -1,713.28                   |
| 10/14/2010                 | 19365      | Southwest Services                    | Qrtly calibration-GW/GATO/GWD influent flow meters   | -625.00                     |
| 10/14/2010                 | 19366      | Staples Credit Plan                   | Office supplies  | -1,188.13                   |
| 10/14/2010                 | 19367      | Tri-Counties Training Seminar Assoc.  | Regulatory Update workshop-FB/DN/JS  | -150.00                     |
| 10/14/2010                 | 19368      | Verizon California                    | Main ofc/outlying stations/SCADA   | -451.81                     |
| 10/14/2010                 | 19369      | Verizon Wireless                      | Eng cellular/CCRB cellular   | -194.67                     |
| 10/14/2010                 | 19370      | WFCB-OSH Commercial Services          | Wet-dry vac/filter/broom/misc supplies   | -104.32                     |
| 10/14/2010                 | 19371      | Das Williams                          | Sep mtg fees   | -132.15                     |
| 10/14/2010                 | 19372      | Lauren W. Hanson                      | Sep mtg fees   | -133.00                     |
| 10/14/2010                 | 19373      | Lee F. Bettencourt                    | Sep mtg fees   | -156.36                     |
| 10/14/2010                 | 19374      | Robert Lieberknecht                   | Sep mtg fees   | -142.15                     |
| 10/14/2010                 | 19375      | SB Home Improvement Center            | Screw grip/wire/misc   | -20.28                      |
| 10/14/2010                 | 19376      | W. Douglas Morgan                     | Sep mtg fees   | -138.00                     |
| 10/25/2010                 | 19377      | Applied EarthWorks, Inc.              | Historical Res Recordation/Eval-SCC project PO#09-10-20<br>Revised report/add'l research/resubmit report                                 | -2,007.02                   |
| 10/25/2010                 | 19378      | Applied EarthWorks, Inc.              | Cultural Resources Analysis-SCC project PO#09-10-19<br>Consult w/BOR-COMB/gen proj mgmt/geoarch trenching/<br>Native American monitoring | -5,040.39                   |
| 10/25/2010                 | 19379      | Bartlett, Pringle & Wolf, LLP         | Client #A6145.1100 Audit 10-11   | -7,343.00                   |
| 10/25/2010                 | 19380      | Coastal Copy, LP                      | Mtce agmt KM-4035 8/9-9/8/10   | -43.93                      |
| 10/25/2010                 | 19381      | Employee Relations Network            | Pre-employment background check-SK   | -62.00                      |
| 10/25/2010                 | 19382      | Federal Express                       | Mailing  | -22.68                      |
| 10/25/2010                 | 19383      | Hydrex Pest Control Co.               | Ant/pest control   | -65.00                      |
| 10/25/2010                 | 19384      | J&C Services                          | Ofc cleaning 9/24,30, 10/8,15  | -500.00                     |
| 10/25/2010                 | 19385      | Joshua Smith                          | Reimb-Tesco training mtg   | -136.44                     |
| 10/25/2010                 | 19386      | Mike Wood Drywall                     | Chlorine bldg work-Final payment PO#10-11-04   | -8,753.73                   |
| 10/25/2010                 | 19387      | The Gas Company                       | Main ofc   | -1.91                       |
| 10/25/2010                 | 19388      | Verizon California                    | SCADA  | -526.17                     |
| Total 1050 · GEN ERAL FUND |            |                                       |  | -1,205,748.84               |
| <b>TOTAL</b>               |            |                                       |  | <b><u>-1,205,748.84</u></b> |

12:56 PM  
11/09/10  
Accrual Basis

comb2  
**Payment of Claims-Renewal Fund**  
October 2010

| <u>Date</u>          | <u>Num</u> | <u>Name</u>                 | <u>Memo</u>                         | <u>Amount</u>      |
|----------------------|------------|-----------------------------|-------------------------------------|--------------------|
| Oct 10<br>10/14/2010 | 3002       | Cachuma Cons. Release Bo... | Funds transfer to CCRB WY 2010-2011 | -163,664.00        |
| Oct 10               |            |                             |                                     | <u>-163,664.00</u> |

ITEM # 3c  
PAGE 3

**CACHUMA OPERATION AND MAINTENANCE BOARD**

**MEMORANDUM**

DATE: November 22, 2010  
TO: Members of the Board of Directors  
FROM: Kate Rees, General Manager  
RE: **REPORT FROM THE AUDITOR FOR FISCAL YEAR 2009 AND 2010**

**Recommendation:**

The Board of Directors accept the Financial Statements for the fiscal year ended June 30, 2010 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, 2010 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 2009-2010 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 2009-2010 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 unexpended funds have been identified by the audit and were primarily generated from the Operations and Maintenance and Special Projects portion of the COMB budget. The total unexpended funds are \$313,552 of which \$171,220 is committed for work in process (task orders and purchase orders) at June 30, 2010. As the attached worksheet indicates, the remaining balance of \$142,332 will be returned to the member units.

The substantive portions of the FY 2009-2010 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

ITEM # 4  
PAGE 1

Cachuma Operation & Maintenance Board  
UNEXPENDED FUNDS DISTRIBUTION - FY 09/10

|  |                   | GWD               | SB                | CVWD             | MWD              | ID#1          |                   |
|--|-------------------|-------------------|-------------------|------------------|------------------|---------------|-------------------|
| So. Coast MU % of Cachuma Entitlement                |                   | 40.41%            | 35.89%            | 12.20%           | 11.50%           | 0.00%         | 100%              |
| ALL MU % of Cachuma Entitlement                      |                   | 36.25%            | 32.19%            | 10.94%           | 10.31%           | 10.31%        | 100%              |
| Unexpended FY 2009/10                                | Unrestricted      |                   |                   |                  |                  |               |                   |
| Operations & Maintenance<br>South Coast Member Units | 183,499           | 74,152            | 65,858            | 22,387           | 21,102           | 0             | 183,499           |
| General & Administrative<br>All Member Units         | 8,837             | 3,410             | 3,045             | 1,078            | 1,004            | 300           | 8,837             |
| Special Projects<br>South Coast Member Units         | 121,216           | 48,983            | 43,504            | 14,788           | 13,940           | 0             | 121,216           |
| <b>Unexpended Funds FY 09/10</b>                     | <b>\$ 313,552</b> | <b>\$ 126,545</b> | <b>\$ 112,407</b> | <b>\$ 38,253</b> | <b>\$ 36,046</b> | <b>\$ 300</b> | <b>\$ 313,552</b> |
| Deferred Revenue - WIP                               | (171,220)         | (69,190)          | (61,451)          | (20,889)         | (19,690)         | -             | (171,220)         |
| <b>Net Unexpended Funds 09/10</b>                    | <b>\$ 142,332</b> | <b>\$ 57,355</b>  | <b>\$ 50,957</b>  | <b>\$ 17,365</b> | <b>\$ 16,356</b> | <b>\$ 300</b> | <b>\$ 142,332</b> |

**DRAFT**

**CACHUMA OPERATION  
AND MAINTENANCE BOARD**

FINANCIAL STATEMENTS

June 30, 2010 and 2009



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

ITEM # 4  
PAGE 3

**CACHUMA OPERATION AND MAINTENANCE BOARD**

---

---

**TABLE OF CONTENTS**

|   | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report .....  | 1 - 2       |
| Management's Discussion and Analysis .....  | 3 - 10      |
| Statement of Net Assets .....   | 11 - 12     |
| Statement of Revenues, Expenses and Changes in Net Assets .....   | 13          |
| Statement of Cash Flows .....   | 14 - 15     |
| Notes to the Financial Statements.....  | 16 - 30     |
| Supplemental Information:   |             |
| Supplemental Schedule of Operation and Maintenance, General and<br>Administrative and Other Maintenance Expense ..... | 31          |

November 15, 2010

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statement of net assets of Cachuma Operation and Maintenance Board ("COMB") as of June 30, 2010 and 2009 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, 2010 and 2009, 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 schedule on page 31 is presented for the purpose of additional analysis and is not a

**DRAFT**

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.



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

---

**DRAFT**

**FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010. 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**

**DRAFT**

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                    | <u>100.00%</u>                | <u>7 votes</u>              |

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**

---

**DRAFT**

**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, 2010, COMB conducted and/or completed a number of special studies and projects 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, Legal Affairs and 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**

**DRAFT**

**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, 2010       | June 30, 2009       | Dollars             | Percent      |
| Current Assets                            | \$ 1,114,829        | \$ 1,117,979        | \$ (3,150)          | -0.3%        |
| Restricted Assets                         | 124,448             | 189,498             | (65,050)            | -34.3%       |
| Property, Plant & Equipment               | 222,012             | 277,269             | (55,257)            | -19.9%       |
| Other Assets                              | 6,588,918           | 6,662,287           | (73,369)            | -1.1%        |
| <b>Total Assets</b>                       | <b>\$ 8,050,207</b> | <b>\$ 8,247,033</b> | <b>\$ (196,826)</b> | <b>-2.4%</b> |
| Current Liabilities                       | \$ 829,612          | \$ 571,682          | \$ 257,930          | 45.1%        |
| Long-Term Liabilities                     | 6,685,031           | 6,662,287           | 22,744              | 0.3%         |
| <b>Total Liabilities</b>                  | <b>7,514,643</b>    | <b>7,233,969</b>    | <b>280,674</b>      | <b>3.9%</b>  |
| Net Assets                                |                     |                     |                     |              |
| Invested in Capital Assets                | 222,012             | 277,269             | (55,257)            | -19.9%       |
| Unrestricted                              | 313,552             | 735,795             | (422,243)           | -57.4%       |
| <b>Total Liabilities &amp; Net Assets</b> | <b>\$ 8,050,207</b> | <b>\$ 8,247,033</b> | <b>\$ (196,826)</b> | <b>-2.4%</b> |

**Statement of Net Assets Analysis**

Total assets as of June 30, 2010 are 2.4% less than the June 30, 2009 amount. The changes are noted below.

- Current assets are essentially the same as the prior year.
- Restricted assets decreased. The decrease is attributable to the Renewal Fund / Trust Fund account balances at June 30, 2010 being less due to a decrease in deposits compared to the previous year at the same time.
- The value of property, plant and equipment is less than the prior year amount due to applicable depreciation recorded with few additional purchases during the current fiscal year.
- Current liabilities are 45.1% greater than the prior year amount primarily due to interest accrued on the Bradbury and Lauro SOD Act repayment contracts and deferred revenue.

CACHUMA OPERATION AND MAINTENANCE BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS

---

---

**DRAFT**

Statement of Net Assets Analysis (Continued)

- Long term liabilities are, in general, about the same as the previous year due to an increase in other postretirement benefit obligations and a decrease in SOD Act repayment amounts.
- Unrestricted net assets are 57.4% lower than the previous year due to the completion of carryover projects during the first half of the fiscal year. The 2010 unrestricted net assets which are not earmarked by the Board for a specific project or expense will be constructively returned to the member units on a proportionally allocated basis.

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

**DRAFT**

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.

**Condensed Statement of Revenues, Expenses and Changes in Net Assets**

|   | Year Ended          |                     | Variance          |               |
|---|---------------------|---------------------|-------------------|---------------|
|   | June 30, 2010       | June 30, 2009       | Dollars           | Percent       |
| Operating Revenues (Expenses):                        |                     |                     |                   |               |
| Operating Revenues                                    | \$ 1,848,680        | \$ 3,667,148        | \$ (1,818,468)    | -49.6%        |
| Operating Expenses,<br>excluding Depreciation Expense | (2,037,924)         | (4,296,309)         | 2,258,385         | -52.6%        |
| Depreciation  | (84,267)            | (83,426)            | (841)             | 1.0%          |
| <b>Operating Income (Deficit)</b>                     | <u>(273,511)</u>    | <u>(712,587)</u>    | <u>439,076</u>    | <u>-61.6%</u> |
| Non-operating Revenues                                | 6,608               | 39,855              | (33,247)          | -83.4%        |
| Non-operating Expenses                                | (210,597)           | (127,553)           | (83,044)          | 65.1%         |
| <b>Change in Net Assets</b>                           | <u>\$ (477,500)</u> | <u>\$ (800,285)</u> | <u>\$ 322,785</u> | <u>-40.3%</u> |

**Statement Analysis**

- Operating revenues as of June 30, 2010 show a significant decrease of 50% due to a change in the projected timing of the bond repayment. Bond assessments collected as revenue were returned to the participating member units.
- Operating expenses, excluding depreciation and amortization expense are about 53% less than the prior year amount due primarily to a decrease in special project expenses.
- Non-operating revenues were lower compared with the prior fiscal year primarily due to a decrease in interest income.
- Non-operating expenses were slightly higher compared to 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**

**DRAFT**

**Capital Assets**

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

|                                    | Year Ended        |                   | Variance           |               |
|------------------------------------|-------------------|-------------------|--------------------|---------------|
|                                    | June 30, 2010     | June 30, 2009     | Dollars            | Percent       |
|                                    | _____             | _____             | _____              | _____         |
| Vehicles                           | \$ 338,974        | \$ 338,974        | \$ -               | 0.0%          |
| Office Furniture and Equipment     | 237,870           | 219,802           | 18,068             | 8.2%          |
| Field Equipment                    | 377,491           | 366,549           | 10,942             | 3.0%          |
| Mobile Offices Used for Facilities | 97,803            | 97,803            | -                  | 0.0%          |
| Resurfacing                        | 22,350            | 22,350            | -                  | 0.0%          |
| <b>Total Capital Assets</b>        | <b>1,074,488</b>  | <b>1,045,478</b>  | <b>29,010</b>      | <b>2.8%</b>   |
| Accumulated Depreciation           | (852,476)         | (768,209)         | (84,267)           | 11.0%         |
| <b>Net Capital Assets</b>          | <b>\$ 222,012</b> | <b>\$ 277,269</b> | <b>\$ (55,257)</b> | <b>-19.9%</b> |

**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.

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.

Work activities related to the completion of the Bradbury SOD Act rehabilitation produced additional costs which increased the cost of the project by approximately \$3.045 million as of June 30, 2010. Fifteen percent of that total equals approximately \$456,831 which has been reflected in the long term liability obligation.

The funds expended by Reclamation through June 30, 2010 regarding the Lauro Dam rehabilitation project as identified in the Re-Payment Schedule for this project approximate \$5,974,937. The

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

---

**DRAFT**

fifteen percent obligation plus interest during construction equates to approximately \$912,038 for the Lauro SOD Act repayment debt which appears in the long term liability account.

Work activities related to the completion of the Lauro Dam SOD Act rehabilitation produced additional costs which increased the cost of the project by approximately \$0.67 million as of June 30, 2010. Fifteen percent of that total equals approximately \$100,608 which has been reflected in the long term liability obligation.



**DRAFT**

**CACHUMA OPERATION AND MAINTENANCE BOARD  
STATEMENT OF NET ASSETS  
June 30, 2010 and 2009**

|  | <u>2010</u>         | <u>2009</u>         |
|--|---------------------|---------------------|
| <b><u>ASSETS</u></b>                                       |                     |                     |
| Current Assets   |                     |                     |
| Cash (Note 3)  | \$ 363,220          | \$ 562,855          |
| Investments (Note 3)                                       | 580,089             | 429,675             |
| Receivable from related entity (Note 12)                   | 66,825              | 28,279              |
| Interest Receivable  | 1,289               | 2,316               |
| Prepaid insurance  | 15,422              | 13,457              |
| Deposits   | 6,529               | 3,906               |
| Current portion of SOD Act assessments receivable (Note 5) | 81,455              | 77,491              |
| Total current assets                                       | <u>1,114,829</u>    | <u>1,117,979</u>    |
| Restricted Cash (Note 4)                                   | <u>124,448</u>      | <u>189,498</u>      |
| Capital Assets (Note 7)                                    |                     |                     |
| Vehicles   | 338,974             | 338,974             |
| Office furniture and equipment                             | 237,870             | 219,802             |
| Field equipment  | 377,491             | 366,549             |
| Mobile offices used for facilities                         | 97,803              | 97,803              |
| Resurfacing  | 22,350              | 22,350              |
| Subtotal   | 1,074,488           | 1,045,478           |
| Less: accumulated depreciation                             | <u>(852,476)</u>    | <u>(768,209)</u>    |
| Capital assets, net  | <u>222,012</u>      | <u>277,269</u>      |
| Other Assets   |                     |                     |
| Long-term assessments receivable SOD Act (Note 5)          | <u>6,588,918</u>    | <u>6,662,287</u>    |
| Total other assets   | <u>6,588,918</u>    | <u>6,662,287</u>    |
| Total assets   | <u>\$ 8,050,207</u> | <u>\$ 8,247,033</u> |

*See accompanying notes*

**DRAFT**

**CACHUMA OPERATION AND MAINTENANCE BOARD  
STATEMENT OF NET ASSETS  
June 30, 2010 and 2009**

**LIABILITIES AND NET ASSETS**

|   | <u>2010</u>         | <u>2009</u>         |
|---|---------------------|---------------------|
| Current Liabilities                                       |                     |                     |
| Accounts payable  | \$ 260,870          | \$ 231,027          |
| Accrued wages   | 28                  | 37                  |
| Accrued vacation and sick leave benefits                  | 104,583             | 73,629              |
| Payable to related entity (Note 4)                        | 124,448             | 189,498             |
| Accrued interest  | 87,008              | -                   |
| Deferred revenue  | 171,220             | -                   |
| Current portion of SOD Act contract payable (Note 5)      | 81,455              | 77,491              |
|   | <u>829,612</u>      | <u>571,682</u>      |
| Total current liabilities                                 |                     |                     |
| Long-Term Liabilities                                     |                     |                     |
| Net Other Post Employment Benefit obligation              | 96,113              | -                   |
| SOD Act contract payable, net of current portion (Note 5) | 6,588,918           | 6,662,287           |
|   | <u>6,685,031</u>    | <u>6,662,287</u>    |
| Total long-term liabilities                               |                     |                     |
| Total liabilities   | <u>\$ 7,514,643</u> | <u>\$ 7,233,969</u> |
| Commitments and Contingencies (Note 13)                   |                     |                     |
| Net Assets  |                     |                     |
| Invested in capital assets, net of related debt           | \$ 222,012          | \$ 277,269          |
| Unrestricted:   |                     |                     |
| Board designated  | -                   | 100,000             |
| Designated to be constructively returned                  | 313,552             | 635,795             |
|   | <u>535,564</u>      | <u>1,013,064</u>    |
| Total net assets  |                     |                     |

See accompanying notes

**DRAFT**

**CACHUMA OPERATION AND MAINTENANCE BOARD  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
For the Years Ended June 30, 2010 and 2009**

|   | <u>2010</u>       | <u>2009</u>         |
|---|-------------------|---------------------|
| Operating Revenues  |                   |                     |
| Operating assessments from member agencies                              | \$ 1,839,866      | \$ 3,635,967        |
| Other revenues  | 8,814             | 31,181              |
| Total operating revenues  | <u>1,848,680</u>  | <u>3,667,148</u>    |
| Operating Expenses  |                   |                     |
| Operation and maintenance of Cachuma Project                            |                   |                     |
| Operation and maintenance   | 794,084           | 1,134,991           |
| General and administrative  | 683,490           | 512,499             |
| Other maintenance   | 476,097           | 2,648,819           |
| Jesusita Fire damage, net of insurance proceeds<br>of \$312,035 in 2010 | 84,253            | -                   |
| Depreciation  | 84,267            | 83,426              |
| Total operating expenses  | <u>2,122,191</u>  | <u>4,379,735</u>    |
| Net Operating Loss  | <u>(273,511)</u>  | <u>(712,587)</u>    |
| Non-Operating Revenues (Expenses)                                       |                   |                     |
| Interest income   | 6,608             | 39,855              |
| Interest expense  | (210,597)         | (127,553)           |
| Total non-operating expenses  | <u>(203,989)</u>  | <u>(87,698)</u>     |
| Change in Net Assets  | (477,500)         | (800,285)           |
| Total Net Assets, Beginning of Year                                     | <u>1,013,064</u>  | <u>1,813,349</u>    |
| Total Net Assets, End of Year   | <u>\$ 535,564</u> | <u>\$ 1,013,064</u> |

*See accompanying notes*

**DRAFT**

**CACHUMA OPERATION AND MAINTENANCE BOARD  
STATEMENT OF CASH FLOWS  
For the Years Ended June 30, 2010 and 2009**

|   | <u>2010</u>       | <u>2009</u>       |
|---|-------------------|-------------------|
| <u>Cash Flows from Operating Activities</u>                     |                   |                   |
| Cash received from member agencies                              | \$ 2,080,491      | \$ 3,723,848      |
| Cash received from other sources                                | 8,814             | 31,181            |
| Cash received for insurance reimbursement                       | 312,035           | -                 |
| Cash payments to suppliers for operations                       | (1,627,039)       | (3,717,507)       |
| Cash payments to employees                                      | (609,153)         | (771,401)         |
| Net cash provided (used) by operating activities                | <u>165,148</u>    | <u>(733,879)</u>  |
| <u>Cash Flows from Noncapital Financing Activities</u>          |                   |                   |
| Increase (decrease) in restricted assets                        | (65,050)          | (97,922)          |
| (Increase) decrease in deposits held for related entity         | 65,050            | 97,922            |
| 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                                   | (29,010)          | (125,176)         |
| Interest payments on SOD Act contract payable                   | (115,503)         | (127,553)         |
| Principle payments on SOD Act contract payable                  | (77,491)          | (74,216)          |
| Net cash flows used by capital and related financing activities | <u>(222,004)</u>  | <u>(326,945)</u>  |
| <u>Cash Flows From Investing Activities</u>                     |                   |                   |
| Interest received   | 7,635             | 37,539            |
| Purchase of investments   | (1,702,414)       | (1,432,037)       |
| Proceeds from redemptions of investments                        | 1,552,000         | 2,246,000         |
| Net cash flows provided (used) by investing activities          | <u>(142,779)</u>  | <u>851,502</u>    |
| Net decrease in Cash  | (199,635)         | (209,322)         |
| Cash and Cash Equivalents - Beginning of Year                   | <u>562,855</u>    | <u>772,177</u>    |
| Cash and Cash Equivalents - End of Year                         | <u>\$ 363,220</u> | <u>\$ 562,855</u> |

*See accompanying notes*

ITEM # 4  
PAGE 18

**CACHUMA OPERATION AND MAINTENANCE BOARD  
STATEMENT OF CASH FLOWS  
For the Years Ended June 30, 2010 and 2009**

|   | <u>2010</u>       | <u>2009</u>         |
|---|-------------------|---------------------|
| <u>Reconciliation of net operating loss to net cash provided</u><br><u>by operating activities</u>  |                   |                     |
| Net operating loss  | \$ (273,511)      | \$ (712,587)        |
| Adjustments to reconcile net operating loss to net cash<br>provided (used) by operating activities: |                   |                     |
| Depreciation expense  | 84,267            | 83,426              |
| Changes in operating assets and liabilities   |                   |                     |
| Receivable from related entity  | (38,546)          | 17,316              |
| Other receivables   | -                 | 13,665              |
| Prepaid insurance   | (1,965)           | 223                 |
| Deposits  | (2,623)           | -                   |
| Current portion of SOD Act assessment receivable  | 69,405            | 74,216              |
| Accounts payable  | 29,843            | (205,268)           |
| Accrued wages   | (9)               | 5                   |
| Accrued vacation and sick leave benefits  | 30,954            | (4,875)             |
| Deferred revenue  | 171,220           | -                   |
| OPEB liability  | 96,113            | -                   |
|   | <u>165,148</u>    | <u>(733,879)</u>    |
| Net cash provided (used) by operating activities  | <u>\$ 165,148</u> | <u>\$ (733,879)</u> |

*See accompanying notes*

**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**

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 in the statement of net assets. Where appropriate, net total assets are segregated into net assets invested in capital assets 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 at the time the related liabilities are incurred regardless of when paid.

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.

***New Accounting Pronouncements***

For the fiscal year ended June 30, 2010, the COMB implemented Government Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension."

NOTES TO THE FINANCIAL STATEMENTS

---

---

Note 2 - Summary of Significant Accounting Policies (Continued)A) Basis of Accounting (Continued)

This Statement requires that COMB account for, and report, the annual cost of other postemployment benefits (OPEB) and the outstanding obligations and commitments related to OPEB in the same manner as it currently does for pensions. The Statement does not require that COMB fund their OPEB plans, only that it accounts for them and reports them. OPEB generally consists of health insurance and dental, vision, prescription, or other healthcare benefits provided to eligible retirees, including their beneficiaries in some cases.

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.

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) 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.

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

**DRAFT**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

G) 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.

B) 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.

**Note 3 - Cash and Investments**

Cash and investments as of June 30, 2010 and 2009 consist of the following:

|   | 2010         | 2009         |
|---|--------------|--------------|
| Cash on hand                              | \$ 400       | \$ 400       |
| Deposits with financial institutions      | 487,268      | 751,953      |
| Investments                               | 580,089      | 429,675      |
| Total cash and investments, at fair value | \$ 1,067,757 | \$ 1,182,028 |

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, 2010 and 2009.

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, 2010 and 2009, the average earnings rate was approximately 1% and 3%, respectively. The amounts on deposit as of June 30, 2010 and 2009 were \$580,089 and \$429,675, respectively.

ITEM # 4  
PAGE 22



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

**DRAFT**

**Note 3 - Cash and Investments (Continued)**

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, 2010, 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:

| Investment                          | S&P Rating |
|-------------------------------------|------------|
| Local Agency Investment Fund (LAIF) | Not rated  |

*Custodial Credit Risk* – Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, COMB will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of COMB and are held by either the counter-party or the counter-party’s trust department or agent but not in COMB’s name.

All cash is entirely insured or collateralized. The California Government Code requires California banks and savings and loans associations to secure COMB’s deposits by pledging government securities, which equal at least 110% of COMB’s deposits. California law also permits financial institutions to secure COMB’s deposits by the pledging of first trust deed mortgage notes in excess of 150% of the COMB’s deposits. COMB may waive collateral requirements for deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC) to \$250,000.

*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* – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

As of June 30, 2010, COMB had the following investments:

| Investment Type                     | Amount     | Maturity |
|-------------------------------------|------------|----------|
| Local Agency Investment Fund (LAIF) | \$ 580,089 | N/A      |

*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.

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

**DRAFT**

**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.

Summary of restricted cash as of June 30:

|                       | 2010       | 2009       |
|-----------------------|------------|------------|
| Trust Fund            | \$ 119,408 | \$ 184,494 |
| Renewal Fund          | 5,040      | 5,004      |
| Total Restricted Cash | \$ 124,448 | \$ 189,498 |

NOTES TO THE FINANCIAL STATEMENTS

**Note 5 - 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. Interest during construction in the amount of \$325,477 was added to the M&I Allocation. 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, 2010 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.

|           | <u>M&amp;I Allocation</u> |                     | <u>Irrigation Allocation</u> | <u>Total</u>        |
|-----------|---------------------------|---------------------|------------------------------|---------------------|
|           | <u>Principal</u>          | <u>Interest</u>     |                              |                     |
| 2011      | \$ 62,658                 | \$ 102,212          | \$ -                         | \$ 164,870          |
| 2012      | 66,328                    | 98,542              | -                            | 164,870             |
| 2013      | 70,212                    | 94,658              | -                            | 164,870             |
| 2014      | 74,323                    | 90,547              | -                            | 164,870             |
| 2015      | 78,676                    | 86,194              | -                            | 164,870             |
| 2016-2020 | 468,126                   | 356,224             | 387,110                      | 1,211,460           |
| 2021-2025 | 622,214                   | 202,136             | 483,887                      | 1,308,237           |
| 2026-2030 | 302,882                   | 26,858              | 483,887                      | 813,627             |
| 2031-2035 | -                         | -                   | 483,887                      | 483,887             |
| 2036-2040 | -                         | -                   | 483,888                      | 483,888             |
| 2041-2045 | -                         | -                   | 483,887                      | 483,887             |
| 2046-2050 | -                         | -                   | 483,888                      | 483,888             |
| 2051-2052 | -                         | -                   | 193,555                      | 193,555             |
|           | <u>\$ 1,745,419</u>       | <u>\$ 1,057,371</u> | <u>\$ 3,483,989</u>          | <u>\$ 6,286,779</u> |

CACHUMA OPERATION AND MAINTENANCE BOARD  
NOTES TO THE FINANCIAL STATEMENTS

**DRAFT**

**Note 5 - SOD Act Assessments Receivable and Contract Payable (Continued)**

The interest expense for the Bradbury Dam SOD Act contract payable was \$102,212 and \$105,678 for the years ended June 30, 2010 and 2009, 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, 2010 were \$48,321,547, \$3,045,539 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, 2010, an additional liability of \$456,831 was recorded for construction costs 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.

COMB entered into a repayment contract with the 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 \$5,974,934 or approximately \$896,240 plus interest, as appropriate, over a 50-year period. The repayment obligation has been allocated fifty and seventy two one hundredths percent (50.72%) to irrigation uses (Irrigation Allocation) or \$454,573, and forty nine and twenty eight hundredths percent (49.28%) to municipal and industrial (M&I) uses (M&I Allocation) or \$441,667. The Irrigation allocation bears no interest and repayment commences October 2017. The M&I allocation balance due during the construction period accrued interest in the amount of \$15,798.

COMB will assess the South Coast Member Units annually amounts equal to the obligation due January 4, 2057, including interest payments at 4.886%, are presented in the following table. This table does not include adjustments that will be made to the Lauro 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**

**DRAFT**

**Note 5 - SOD Act Assessments Receivable and Contract Payable (Continued)**

|           | M&I Allocation    |                   | Irrigation<br>Allocation | Total               |
|-----------|-------------------|-------------------|--------------------------|---------------------|
|           | Principal         | Interest          |                          |                     |
| 2011      | \$ 18,299         | \$ 13,789         | \$ -                     | \$ 32,088           |
| 2012      | 18,299            | 13,789            | -                        | 32,088              |
| 2013      | 18,299            | 13,789            | -                        | 32,088              |
| 2014      | 18,299            | 13,789            | -                        | 32,088              |
| 2015      | 18,299            | 13,789            | -                        | 32,088              |
| 2016-2020 | 91,493            | 68,947            | 43,292                   | 192,909             |
| 2021-2025 | 91,493            | 68,947            | 54,115                   | 214,555             |
| 2026-2030 | 91,493            | 68,947            | 54,115                   | 214,555             |
| 2031-2035 | 54,894            | 41,370            | 54,115                   | 182,467             |
| 2036-2040 | -                 | -                 | 54,115                   | 54,115              |
| 2041-2045 | -                 | -                 | 54,115                   | 54,115              |
| 2046-2050 | -                 | -                 | 54,115                   | 54,115              |
| 2051-2055 | -                 | -                 | 54,115                   | 54,115              |
| 2056      | -                 | -                 | 32,476                   | 32,476              |
|           | <u>\$ 420,868</u> | <u>\$ 317,156</u> | <u>\$ 454,573</u>        | <u>\$ 1,192,597</u> |

The interest expense for the Lauro Dam SOD Act contract payable was \$13,789 for the years ended June 30, 2010 and 2009.

The total costs of the Lauro Dam SOD Act project is to be reevaluated and repayment agreement amended as necessary by Reclamation and COMB when all phases of work are completed. The total project costs as of June 30, 2010 were \$6,696,688, \$721,754 higher than the total costs authorized by the repayment contract. It is management's opinion that COMB will be responsible for reimbursing Reclamation 15% of the total construction cost incurred in excess of the original repayment contract. As of June 30, 2010, an additional liability of \$108,693 is recorded for construction costs incurred in excess of the original repayment agreement.

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

**DRAFT**

**Note 5 - SOD Act Assessments Receivable and Contract Payable (Continued)**

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, 2010 is composed of the following:

|   |              |
|---|--------------|
| Bradbury Dam repayment contract:  |              |
| M&I principal   | \$ 1,745,419 |
| Irrigation principal  | 3,483,989    |
| Total Bradbury Dam repayment contract obligation excluding interest                 | 5,229,408    |
| Bradbury Dam liability for 15% of additional costs incurred over repayment contract | 456,831      |
| Total Bradbury Dam SOD Act liability  | 5,686,239    |
|   |              |
| Lauro Dam repayment contract:   |              |
| M&I principal   | \$ 420,868   |
| Irrigation principal  | 454,573      |
| Total Lauro Dam repayment contract obligation excluding interest                    | 875,441      |
| Lauro Dam liability for 15% of additional costs incurred over repayment contract    | 108,693      |
| Total Lauro SOD Act liability   | 984,134      |
|   |              |
| Total SOD Act Liability   | 6,670,373    |
|   |              |
| Less current portion  | (81,455)     |
| Long-term portion of SOD Act liability  | \$ 6,588,918 |

**Note 6 - Long-Term Debt**

Changes in long term debt amounts for years ended June 30, 2010 and 2009 were as follows:

|                     | Beginning<br>Balance 2010 | Additions | Principal<br>Payments | Ending<br>Balance 2010 |
|---------------------|---------------------------|-----------|-----------------------|------------------------|
| SOD Act Liabilities | \$ 6,739,778              | \$ 8,086  | \$ (77,491)           | \$ 6,670,373           |
|                     | \$ 6,739,778              | \$ 8,086  | \$ (77,491)           | \$ 6,670,373           |
|                     |                           |           |                       |                        |
|                     | Beginning<br>Balance 2009 | Additions | Principal<br>Payments | Ending<br>Balance 2009 |
| SOD Act Liabilities | \$ 6,793,099              | \$ 20,895 | \$ (74,216)           | \$ 6,739,778           |
|                     | \$ 6,793,099              | \$ 20,895 | \$ (74,216)           | \$ 6,739,778           |

ITEM # 4  
PAGE 29

NOTES TO THE FINANCIAL STATEMENTS

Note 7 - Capital Assets

The following is a summary of capital assets which include property, plant and equipment at June 30, 2010 and 2009.

|   | Beginning<br>Balance 2010 | Additions          | Deletions   | Ending<br>Balance 2010 |
|---|---------------------------|--------------------|-------------|------------------------|
| Vehicles  | \$ 338,974                | \$ -               | \$ -        | \$ 338,974             |
| Office furniture and equipment                    | 219,802                   | 18,068             | -           | 237,870                |
| Field equipment                                   | 366,549                   | 10,942             | -           | 377,491                |
| Mobile offices used for facilities                | 97,803                    | -                  | -           | 97,803                 |
| Resurfacing                                       | 22,350                    | -                  | -           | 22,350                 |
| Total capital assets                              | 1,045,478                 | 29,010             | -           | 1,074,488              |
| Less accumulated depreciation<br>and amortization | (768,209)                 | (84,267)           | -           | (852,476)              |
| Net capital assets                                | <u>\$ 277,269</u>         | <u>\$ (55,257)</u> | <u>\$ -</u> | <u>\$ 222,012</u>      |

|   | Beginning<br>Balance 2009 | Additions        | Deletions   | Ending<br>Balance 2009 |
|---|---------------------------|------------------|-------------|------------------------|
| Vehicles  | \$ 322,994                | \$ 53,579        | \$ (37,599) | \$ 338,974             |
| Office furniture and equipment                    | 173,989                   | 62,827           | (17,014)    | 219,802                |
| Field equipment                                   | 357,779                   | 8,770            | -           | 366,549                |
| Mobile offices used for facilities                | 97,803                    | -                | -           | 97,803                 |
| Resurfacing                                       | 22,350                    | -                | -           | 22,350                 |
| Total capital assets                              | 974,915                   | 125,176          | (54,613)    | 1,045,478              |
| Less accumulated depreciation<br>and amortization | (739,396)                 | (83,426)         | 54,613      | (768,209)              |
| Net capital assets                                | <u>\$ 235,519</u>         | <u>\$ 41,750</u> | <u>\$ -</u> | <u>\$ 277,269</u>      |

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

**DRAFT**

**Note 8 - 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.

**Note 9 - 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 2010 and 2009 were 10.361% and 10.33%, 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.



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

**DRAFT**

**Note 9 - Defined Benefit Pension Plan (Continued)**

Annual Pension Cost

For the years ended June 30, 2010 and 2009, COMB's annual pension cost (APC) of \$102,038 and \$148,497 respectively, was equal to COMB's required and actual contributions. The required contribution for the years ended June 30, 2010 and 2009, 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<br>June 30 | Annual Pension<br>Cost<br>(APC) | Percentage<br>of APC<br>Contributed | Net Pension<br>Obligation |
|------------------------------|---------------------------------|-------------------------------------|---------------------------|
| 2008                         | \$ 161,831                      | 100%                                | -                         |
| 2009                         | 148,497                         | 100%                                | -                         |
| 2010                         | 102,038                         | 100%                                | -                         |

**Note 10 - 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, 2010 and 2009 were \$104,778 and \$113,258, respectively.

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

**DRAFT**

**Note 11 - Post-retirement Health Care Benefits**

COMB offers post-retirement health insurance benefits to retired employees. Retired employees are eligible to receive benefits, equal to medical, dental and vision insurance, if the employee has reached age 50 and has twelve years of covered service.

***Funding Policy***

COMB's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The current ARC rate is 10% of the annual covered payroll. COMB has elected to make contributions equal to the pay-as-you-go amount.

***Annual OPEB Cost***

For 2010, the COMB's annual OPEB cost (expense) of \$121,050 for the plan was equal to the ARC. COMB's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

| Fiscal Year | Annual OPEB<br>Cost | Percentage of<br>Annual OPEB<br>Cost Contributed | Net OPEB<br>Obligation |
|-------------|---------------------|--|------------------------|
| 6/30/2010   | \$ 121,050          | 21%  | \$ 96,113              |
| *           | *                   | *  | *                      |
| *           | *                   | *  | *                      |

\* 2010 was the first year that COMB implemented GASB 45; therefore, only one year of data is available for presentation.

***Funded Status and Funding Progress***

The funded status of the plan as of June 30, 2010, was as follows:

|   |              |
|---|--------------|
| Actuarial Accrued Liability (AAL)                 | \$ 1,164,773 |
| Actuarial Value of Plan Assets                    | \$ -         |
| Unfunded Actuarial Accrued Liability (UAAL)       | \$ 1,164,773 |
| Funded Ratio (Actuarial Value of Plan Assets/AAL) | 0%           |
| Covered Payroll (Active Plan Members)             | \$ 1,160,852 |
| UAAL as a Percentage of Covered Payroll           | 100%         |

ITEM # 4  
PAGE 32

CACHUMA OPERATION AND MAINTENANCE BOARD  
NOTES TO THE FINANCIAL STATEMENTS

**DRAFT**

**Note 11 - Post-retirement Health Care Benefits (Continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions and methods:

|                               |                                   |
|-------------------------------|-----------------------------------|
| Valuation Date                | December 1, 2009                  |
| Actuarial Cost Method         | Entry Age Normal Cost Method      |
| Amortization Method           | Level percentage of payroll       |
| Remaining Amortization Period | 30 Years as of the valuation date |
| Asset Valuation Method        | Not applicable                    |
| Actuarial Assumptions         |                                   |
| Discount Rate                 | 5.00%                             |
| Inflation                     | 3.00%                             |
| Payroll Growth                | 3.00%                             |

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

**DRAFT**

**Note 12 - 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 which has expired but is operating in compliance with the terms of the agreement. 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, 2010 and 2009, CCRB owed COMB \$66,825 and \$28,279, respectively for these services.

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

**Note 13 - Commitments and Contingencies**

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.

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.

**Note 14 - Subsequent Events**

Subsequent events have been evaluated through November 15, 2010, the date that the financial statements were available to be issued.

**DRAFT**

SUPPLEMENTAL INFORMATION

ITEM # 4  
PAGE 35

**DRAFT**

**CACHUMA OPERATION AND MAINTENANCE BOARD  
SUPPLEMENTAL SCHEDULE OF OPERATION AND MAINTENANCE,  
GENERAL AND ADMINISTRATIVE AND OTHER MAINTENANCE EXPENSE  
For the Years Ended June 30, 2010 and 2009**

|   | <u>2010</u>       | <u>2009</u>         |
|---|-------------------|---------------------|
| Operation and Maintenance Expense                         |                   |                     |
| Salaries and benefits                                     | \$ 670,497        | \$ 842,682          |
| Contract labor  | 38,498            | 132,228             |
| Equipment   | 3,331             | 20,194              |
| Equipment rental  | 2,783             | 2,149               |
| Materials and supplies                                    | 17,198            | 48,473              |
| Vehicle maintenance                                       | 24,035            | 42,276              |
| Other expenses  | 37,742            | 46,989              |
| Total operation and maintenance expense                   | <u>\$ 794,084</u> | <u>\$ 1,134,991</u> |
| General and Administrative Expense                        |                   |                     |
| Administration salaries                                   | \$ 228,227        | \$ 199,222          |
| Accrued wages and vacation                                | 11,307            | 4,686               |
| Directors fees and expense                                | 12,771            | 10,591              |
| Legal and audit   | 111,198           | 88,871              |
| Liability insurance                                       | 34,962            | 34,041              |
| Health insurance and workers compensation                 | 45,566            | 61,381              |
| Retirement plan contributions                             | 160,376           | 34,207              |
| Payroll tax expense                                       | 18,097            | 16,110              |
| Office supplies and expense                               | 6,004             | 8,853               |
| Administrative travel and conferences                     | 2,960             | 5,923               |
| Membership dues   | 5,713             | 6,041               |
| Employee training   | 1,769             | 545                 |
| Public information  | 482               | 5,981               |
| Other expenses  | 44,058            | 36,047              |
| Total general and administrative expense                  | <u>\$ 683,490</u> | <u>\$ 512,499</u>   |
| Other Maintenance Expense                                 |                   |                     |
| Flow meter upgrades and SCADA system                      | 10,947            | 31,958              |
| COMB building / grounds repair                            | 45,917            | 33,192              |
| SCC improvement plan and design                           | 380,140           | 1,058,801           |
| SCC Valves and control station rehabilitation             | -                 | 152,607             |
| SCC structure rehabilitation                              | -                 | 92,969              |
| SCC Life Expectancy                                       | 1,593             | -                   |
| GIS and mapping   | 29,700            | 9,148               |
| Lauro debris basin  | -                 | 1,144,345           |
| Integrated Regional Water Management Plan                 | 7,800             | 12,203              |
| Zaca Fire, net of insurance proceeds of \$312,035 in 2010 | 84,253            | (5,215)             |
| Quagga Mussel   | -                 | 60,000              |
| Hydrology   | -                 | 58,811              |
| Total other maintenance expense                           | <u>\$ 560,350</u> | <u>\$ 2,648,819</u> |

*See accompanying notes*

ITEM # 4  
PAGE 36

## Operations Report – October 2010

The average flow from Lake Cachuma into the Tecolote Tunnel for October was 133 acre-feet per day. Lake elevation was 737.76 feet at the beginning of the month and 736.37 feet at the end. 67 acre-feet of State Water Project water was wheeled through Cachuma Project facilities and delivered to South Coast Member Units during the month.

Conditions at Ortega Reservoir have remained consistent over the month, with weekly monitoring of drain flow, piezometer elevations and site conditions. On October 13, 2010 staff attended a meeting to discuss repair options for the Ortega Reservoir. COMB would like to see a maintenance friendly solution that will stand up to current cleaning techniques. (Such as fire hose pressure near joints.)

Other activities conducted this month include:

- COMB staff located a potential encroachment located at 588 Picacho Lane. As requested, a representative of the property owner submitted an application and plan set for review of the proposed project. COMB staff sent the plans up to USBR for their review and comments. USBR approved the proposed work within the easement and requested COMB write a conditional letter of approval. COMB staff circulated a draft letter of approval to USBR which was subsequently approved. A conditional letter of approval was sent out to the property owner on November 10, 2010.
- Preparation for the Lauro Dam Tabletop Exercise planned for January 12, 2011 took place in October. A complete Emergency Action Plan and Incident Command Structure for COMB have been developed. The scenario will be an earthquake, involving all levels of emergency response within Santa Barbara County. The next Design Team meeting is scheduled for December 9, 2010.
- Progress continued on the 2<sup>nd</sup> Pipeline. A complete status of the project is included in the board packet.
- Staff is developing an electronic “Work Plan” for O&M activities for both Periodic Facility Review and on-going maintenance projects. In accordance with the Periodic Facility Review, staff has also developed a system for re-marking confined space manholes as required by USBR.
- Staff is researching Pipeline Data Management tools that enables system managers to develop criticality indexes, which can be used to prioritize the replacement of any individual pipe for capital planning purposes.
- A Courtesy Easement Notification letter has been prepared for unpermitted work that is noticed within USBR easements. To be circulated early in the process to notify property owners of COMB’s Land Use Policy and Procedures

Routine operation and maintenance activities conducted during the month included:

- Sampled water at the North Portal Intake Tower
- Monitored conduit right-of-way and responded to Dig Alert reports
- Read piezometers and under drains at Glen Anne, Lauro, Ortega and Carpinteria Dams
- Read meters, conducted monthly dam inspections, and flushed venturi meters

Minutes of the  
**Operating Committee**  
of  
Cachuma Operation & Maintenance Board  
3301 Laurel Canyon Road, Santa Barbara, CA

**Wednesday, October 6, 2010**

---

**1. Call to Order**

Tom Mosby called the meeting to order at 8:42 a.m.

**Managers Present**

John McInnes  
Chris Dahlstrom  
Charles Hamilton  
Tom Mosby  
Kate Rees

**Others Present**

Bill Hair  
Jim Colton  
Janet Gingras  
Ruth Snodgrass  
Dave Ault

**2. Public Comment**

There were no comments from the public.

**3. Approval of Minutes July 7, 2010**

The July 7, 2010 meeting cancelled for lack of a quorum.

**4. General Manager's Report**

**a. Revised Draft Encroachment Permit Policy**

Jim Colton reported that staff wished to recommend to the COMB Board to proceed with land use requests from property owners per the proposed draft Land Use Authorization Process that is being developed. As stated in the contract with USBR, COMB has the authority to issue licenses or permits per the existing Transfer of O&M Agreement. Issuance of a conditional letter of approval, license, or permit would only be granted by COMB staff on projects that are minor or temporary in nature. USBR would be asked to consider and handle all other requests for encroachment.

The majority of the managers supported the modified land use policy that was proposed, and requested a review of the entire packet for the land use authorization policy and process



before it went to the COMB Board for approval. Tom Mosby suggested that Member Unit staff should report any encroachments they discover along the South Coast Conduit to COMB.

**b. Preliminary Summary of Unexpended Funds from COMB FY 2009-10 Audit**

Janet Gingras prepared a preliminary summary of anticipated unexpended funds from FY 2009-10 indicating that the total would be approximately \$500k. Of that, about \$200k has been designated for projects or activities that would be carried over into the current fiscal year. She estimated the Member Units could expect approximately \$300K to be constructively returned after the audit was adopted by the COMB Board.

**c. Calculation of FY 2010-11 Budget Augmentation Effective Jan 1, 2011 and Projected Revised Budget**

Kate Rees highlighted the particulars of the budget augmentation approved at the September 27, 2010 COMB Board meeting that would be effective January 1, 2011. The managers requested that the fisheries program activities be broken out separately as a division of COMB, so that expenses for the fisheries program could be tracked separately. Staff agreed to do so.

**d. Funding Options Related to Brown Property Encroachment**

Kate reported that due to the Brown property overburden encroachment on the South Coast Conduit, funding must be identified to cover legal costs, at minimum, should it be necessary. The three choices would be: 1) Special Assessment, 2) Use FY 2009-10 Unexpended Funds, and 3) FY 2010-11 Budget Adjustment. Due to the budget restraints of several agencies, it was recommended that the preferred way to cover the costs would be through a FY 2010-11 budget adjustment.

**e. County-Member Unit Issues Meetings**

**• Status of County Resolution in support of SWRCB Hearing and Settlement Agreement**

Included in the information packet was the draft Resolution from the County Board of Supervisors in support of the Cachuma Project Member Units and downstream water rights interests with regard to the water rights proceedings before the State Water Resources Control Board. This will be calendared for approval at the County Board of Supervisors meeting in the near future.

Kate reported on her meeting with Supervisor Doreen Farr concerning the County-Member Unit issues.

**• Development of Member Units' Position for Quagga Mussel Program**

This was deferred to a future meeting.

**5. COMB CIP Program**

**a. 2<sup>nd</sup> Pipeline Project**

**• Bond Documents, Contribution Agreements, Project Approval Schedule Update**

Because the Sect 106 Permit process is finally moving along, Janet Gingras included a revised Bond Financing Schedule for the 2<sup>nd</sup> Pipeline Project in the information packet. Staff requested that the General Managers look at the schedule and determine if it is possible to meet these dates once the permits have been approved.

- **Buried resources testing**

Kate reported that no archeological artifacts were discovered during the buried resources field testing. Some fossils were found, and staff is working with the Reclamation so that proper procedures are followed.

## 6. COMB Operations

### a. Reclamation's Periodic Facilities Review, September 14-16, 2010

Dave Ault prepared a punch list developed from the corrective actions identified during Reclamation's Periodic Facility Review in September. Most items on the punch list are regular O&M activities and will be completed soon.

## 7. Agenda Items for Next Regular Meeting

There were no requests for the next meeting.

## 8. Date of Next Meeting:

The next regular meeting will be held January 5, 2011 at 8:30 a.m. at the COMB office.

## 9. Adjournment

The meeting was adjourned at 10:40 a.m.

ITEM # 56

**Kate Rees**

---

**From:** Almy, Robert [ralmy@geiconsultants.com]  
**Sent:** Monday, November 01, 2010 12:05 PM  
**To:** Jane Gray; Teresa Reyburn; Steve Kahn; Segovia, Susan; Cynthia Allen; R Dennis Delzeit; Brandi Howell; Kathleen Werner; Rosemarie Gaglione; Marti Schultz; Naftaly, Matt; (whoffman@water.ca.gov); P. E. Brian C. Moniz (bmoniz@water.ca.gov); John L. Brady; Drew S. Dudley; Kathy.Caldwell@CH2M.com; Kimberly.Wilson@CH2M.com; aaderonm@water.ca.gov; epech@water.ca.gov; Jagjit.Kaur@CH2M.com; Lucas.Bair@CH2M.com  
**Subject:** Prop 84 Central Coast Funding Area update

Steering Committee and Project Partners

Matt and I participated on a conference call with other Regions in the Central Coast Funding Area on Friday October 29. There was no agreement regarding the issue of coordinating Round 1 Implementation Grant applications. Based prior action by the Santa Barbara area-wide IRWM participants, the other Central Coast Regions were informed that we would continue to move forward with our Implementation Grant Application.

We discussed two other items of immediate interest to the Santa Barbara IRWM Steering Committee and project Partners:

- 1. Status of other Central Coast Regions Implementation grant Applications
- 2. Potential for increased Round 1 funding by DWR.

**Status of other Central Coast Regions Implementation grant Applications**

Currently three Regions plan on submitting Implementation Grant Requests:

|                                     |                       |
|-------------------------------------|-----------------------|
| Monterey Peninsula Region           | \$ 5.8 Million        |
| San Luis Obispo County Region       | \$ 5.8 Million        |
| <u>Santa Barbara County Region:</u> | <u>\$ 3.0 Million</u> |
| Total                               | \$14.6 Million        |

The Greater Monterey Region is still evaluating projects and may apply for an implementation grant but they have not made any decisions and do not have an estimate of potential amount.

**Potential for increased Round 1 funding by DWR**

Apparently one of the budget "trailer" bills included a provision to make \$ 200 million more available for funding Proposition 84 projects. DWR has not yet decided whether that funding will be used to augment Round 1. If it does, DWR has said informally that the increase could be "up to the PSP Column D amount" which is \$11.5 Million for the Central Coast Funding Area. We will keep you apprised of the DWR decision in this matter.

Staff does not recommend increasing the requested grant amount due to status of the ongoing Grant Application work. In addition, the augmented funding, if it were to occur, would still be less than the anticipated total of requests for the funding area.

Please call me if you have any questions.

Rob

**Robert B. Almy PG**

ITEM # 5d  
PAGE 1

**Kate Rees**

---

**From:** Jane Gray [jgray@dudek.com]  
**Sent:** Friday, November 05, 2010 5:01 PM  
**To:** Jane Gray  
**Subject:** FW: DWR IRWM - Prop. 84 Round 1 Implementation PSP

All,

Please see the email from DWR below that provides information on the allocation of additional monies for Round 1 under SB 855 and a link to the PSP errata sheet.

Jane Gray

**DUDEK**

+

**From:** irwm\_info-bounces@water.ca.gov [mailto:irwm\_info-bounces@water.ca.gov] **On Behalf Of** DWR IRWM Grants  
**Sent:** Friday, November 05, 2010 3:11 PM  
**To:** irwm\_info@water.ca.gov  
**Subject:** [DWR\_IRWM\_Info] DWR IRWM - Prop. 84 Round 1 Implementation PSP

Dear IRWM Subscribers,

Please see the following information relating to the IRWM Round 1 Proposition 84 Implementation Grant Program.

**Subject: Addendum to IRWM Implementation Proposal Solicitation Package (PSP), August, 2010**

DWR has released an addendum to the Implementation PSP. The addendum has been developed in response to the passage of Senate Bill (SB) 855 which impacts the IRWM implementation round 1 grant solicitation in two ways:

- 1) it appropriated additional funds that can be available in round 1 and
- 2) it contains a provision that requires additional information from applicants.

The addendum can be found here: [http://www.water.ca.gov/irwm/integregio\\_implementation.cfm](http://www.water.ca.gov/irwm/integregio_implementation.cfm), contains modifications to the PSP. These modifications do not impact how applications will be scored, but they can limit DWRs ability to award SB 855 appropriated funding to an application.

**Subject: IRWM Implementation Grants On-Line Application**

DWR's Bond Management System (BMS) for the Implementation Grant Round 1 PSP is now live. A link to the BMS can be found here:

[http://www.water.ca.gov/irwm/integregio\\_bms.cfm](http://www.water.ca.gov/irwm/integregio_bms.cfm)

ITEM # 5d  
PAGE 2

Note: To fulfill the provisions identified in SB 855, three questions and one attachment have been added to “Table 4 – Grant Application Checklist” of the PSP and the on-line application.

**Subject: IRWM Implementation PSP Errata**

DWR has released an errata to the Implementation PSP, and it is located here:  
[http://www.water.ca.gov/irwm/integregio\\_implementation.cfm](http://www.water.ca.gov/irwm/integregio_implementation.cfm). The errata includes minor corrections and clarifications to the PSP. It is a supplement to the PSP and not a replacement.

For questions regarding the above information or the Implementation Grant Program, please contact DWR’s Financial Assistance Branch at (916) 651-9613 or by replying to this email.

\*\*\*\*\*  
This footnote confirms that this email message has been scanned by  
PineApp Mail-SeCure for the presence of malicious code, vandals & computer viruses.  
\*\*\*\*\*

**Addendum to the IRWM Implementation Grant Round 1 August 2010 PSP**

**Background:** On October 19, 2010, Senate Bill (SB) 855 (Committee on Budget and Fiscal Review Resources, Chptr 718, Stats 2010) was passed into law. This bill affected the IRWM implementation round 1 grant solicitation in two ways:

- 1) It appropriated additional Proposition 84 funding that can be available in round 1 and
- 2) It contains a provision that requires additional information from applicants.

This addendum contains those portions of the PSP that are modified due to enactment of SB 855. These additions do not impact how applications will be scored, but they can limit DWRs ability to award SB 855 appropriated funding to an application. All other provisions of the PSP remain unchanged and are still applicable to grant applications. The blue text below shows additions to the PSP and the red-strikeout text shows deletions.

**Page 6, Section II B. Eligibility Criteria** – The following paragraph is added:

SB 855 was signed by Governor Arnold Schwarzenegger on October 19, 2010. In addition to other actions, SB 855 made appropriation with specific funding requirements. For funds appropriated pursuant to SB 855, in addition to other eligibility requirements, in areas that receive water supplied from the Sacramento-San Joaquin Delta, eligible programs and projects (CWC Section 75026.(a)(1-11)) shall be components of an IRWM Plan that will help reduce dependence on the Sacramento-San Joaquin Delta for water supply.

**Page 9, Section III. Funding** - The paragraph is modified as follows:

DWR is proposing multiple rounds of funding for Proposition 84 IRWM Implementation grants. The first round is expected to provide approximately \$100 million in funding from the Regional Funds, as authorized by Proposition 84 and California Water Code (CWC) Section 83002.(b)(3)(A)(i). Additional funding, approximately \$100 million, as appropriated by SB 855, may also be awarded, ~~if it becomes available.~~ Award of ~~any the~~ additional funding will be consistent with any requirements associated with the specific appropriation of funds. See Section II.B of the Guidelines for additional detail.

DWR has funding targets, shown below, to guide the distribution of a portion of the funds.

- ↻ Not less than \$20,000,000 will be allocated to support urban and agricultural water conservation projects necessary to meet a 20% reduction in per capita water use by the year 2020.
- ↻ Not less than 10% of the available funding will be used to support projects that address critical water supply or water quality needs for DACs, where feasible and as applicable, to be awarded consistent with the Funding Area allocation schedule in Proposition 84 (See Guidelines, Figure 1).

If a project meets multiple funding targets, the funds awarded the project will be counted towards both funding targets. If DWR does not receive projects applicable to a funding target or such projects do not demonstrate sufficient technical feasibility or anticipated project benefits, DWR will reserve (not award) the amount of grant funding specified in that funding target.

**Page 9 and 10, Section III A Maximum Grant Amount** – text has been modified as follows:

DWR may alter the anticipated allocation schedule depending on the total amount of grant request received, the grant requests received by individual funding area, and whether the submitted proposals demonstrate sufficient technical feasibility or anticipated project benefits. The Column C amount should be viewed as the default maximum grant amount for an individual region. However, Should this occur, Column D shows the proposed maximum redistribution of funds by funding area. Therefore, an applicant may request up to the Column D amount because additional funding (over the originally anticipated \$100,000,000) is now available, but the proposal should be phased in anticipation of receiving either the Column C amount, plus possibly only a portion of funds available in excess of Column C targets. Additionally, for those funding areas with multiple IRWM Regions, DWR will also consider funding more than one proposal. Therefore, a proposal should also be phased in anticipation of receiving less than the Column C amount. DWR will not exceed the allocation

schedule included in Proposition 84 and presented in Guidelines, Figure 1. In compliance with AB 626, DWR will make every effort to allocate, as applicable, 10% of each region's funding to support projects that address critical water supply or water quality needs of DACs.

| <b>Table 2 – Proposition 84 IRWM Implementation Funding</b> |                         |   |   |
|---|-------------------------|---|---|
| <b>Column A</b>   | <b>Column B</b>         | <b>Column C</b>   | <b>Column D</b>   |
| <b>Funding Area</b>   | <b>Prop 84 Schedule</b> | <b>Anticipated Allocation Schedule for This Grant Cycle</b><br><b><u>Default Maximum Grant Amount</u></b> | <b>Maximum First Round Allocation</b><br><br><b><u>Alternative Maximum Grant Amount</u></b> |
| <b>North Coast</b>  | \$37,000,000            | \$4,111,111   | \$8,222,222   |
| <b>San Francisco Bay</b>                                    | \$138,000,000           | \$15,333,333  | \$30,666,667  |
| <b>Central Coast</b>  | \$52,000,000            | \$5,777,778   | \$11,555,556  |
| <b>Los Angeles-Ventura</b>                                  | \$215,000,000           | \$23,888,889  | \$47,777,778  |
| <b>Santa Ana</b>  | \$114,000,000           | \$12,666,667  | \$25,333,333  |
| <b>San Diego</b>  | \$91,000,000            | \$10,111,111  | \$20,222,222  |
| <b>Sacramento River</b>                                     | \$73,000,000            | \$8,111,111   | \$16,222,222  |
| <b>San Joaquin River</b>                                    | \$57,000,000            | \$6,333,333   | \$12,666,667  |
| <b>Tulare/Kern (Tulare Lake)</b>                            | \$60,000,000            | \$6,666,667   | \$13,333,333  |
| <b>Lahontan</b>   | \$27,000,000            | \$3,000,000   | \$6,000,000   |
| <b>Colorado River Basin</b>                                 | \$36,000,000            | \$4,000,000   | \$8,000,000   |
| <b>Total</b>  | <b>\$900,000,000</b>    | <b>Less than or equal to \$100,000,000</b>  | <b><u>Approximately \$200,000,000</u></b>   |

**Page 15, Section V B 1. Grant Application Checklist (Table 4), APPLICANT INFORMATION AND QUESTIONS TAB –** Q15, Q16, and Q17 are added as follows:

Q15. Eligibility: Does the IRWM region receive water supplied from the Sacramento-San Joaquin Delta? Please answer yes or no. If no, please explain. If yes, please answer Question 16.

Q16. Eligibility: Does the existing IRWM Plan help reduce dependence on the Sacramento-San Joaquin Delta for water supply? Please answer yes or no. If no, please explain. If yes, please complete Attachment 15.

Q17. Eligibility: If an update to the plan takes place in the near future, will the updated plan continue to reduce dependence on the Sacramento-San Joaquin Delta for water supply? Please answer yes or no. If no, please explain. If yes, please complete Attachment 15.

**Page 17, Section V B 1. Grant Application Checklist (Table 4), APPLICATION ATTACHMENTS TAB –** Attachment 15 is added as follows:

|                          |               |   |  |
|--------------------------|---------------|---|--|
| <input type="checkbox"/> | Attachment 15 | IRWM Plan – Reduce Delta Water Dependence |  |
|--------------------------|---------------|---|--|

**Page 23, Section V B 2. Attachment Instructions** – Attachment 15 is added as follows:

**ATTACHMENT 15. IRWM Plan – Reduce Delta Water Dependence**

For the "AttachmentName" in the naming convention of BMS, use "Deltawater" for this attachment.

This attachment is only necessary if the IRWM region receives water supplied from the Sacramento-San Joaquin Delta and answered "yes" to Q16 and/or Q17. Attachment 15 must summarize the portions of the plan that addresses how implementation of the IRWM Plan will reduce dependence on the Sacramento-San Joaquin Delta for water supply, and include relevant plan excerpts to support the summary.

The summary text must be no more than 5 pages in length using a minimum 10-point type font. Excerpts from the plan must not exceed 15 pages. Attachment 15 must:

- 1) Identify and include portions of the IRWM Plan that demonstrate it reduces dependence on the Sacramento-San Joaquin Delta for water supply. This can be but is not limited to plan objectives and an explanation of how the types of projects that help meet that objective reduce dependence on the delta for water supply.
- 2) Provide assurances that revisions to the plan, as required by DWR pursuant to a grant agreement for funding awarded during this solicitation, will continue to help reduce dependence on the Sacramento-San Joaquin Delta for water supply. This can be but is not limited to an explanation of how the objective(s) identified in item 1 above, will remain intact in the revision.





# United States Department of the Interior

BUREAU OF RECLAMATION  
Mid-Pacific Regional Office  
2800 Cottage Way  
Sacramento, California 95825-1898

IN REPLY  
REFER TO:

SEP 20 2010

MP-100  
ADM-10.00

Mid-Pacific Region Water Users

Subject: Meetings with the Commissioner at the 2010 National Water Resources Association  
(NWRA) Annual Conference (Action by October 15, 2010)

Dear Ladies and Gentlemen:

Commissioner Michael Connor of the Bureau of Reclamation will attend this year's Annual NWRA Conference in Coronado, California. The conference will be held November 10-12, 2010, at the Hotel del Coronado.

As in past years, the Commissioner will be available for short meetings. The meetings will be scheduled in 15-minute increments throughout the day on Thursday, November 11. There are a limited number of spaces available and we encourage you to let us know as soon as possible if you would like to meet with the Commissioner.

If you are interested in scheduling a meeting with the Commissioner, please fill out the enclosed form and either fax to 702-293-8333, email to [cmcleod@usbr.gov](mailto:cmcleod@usbr.gov), or call Ms. Cynthia McLeod at 702-293-8412 prior to October 15, 2010. We look forward to seeing you in Coronado.

Sincerely,

/s/ Donald R. Glaser

Donald R. Glaser  
Regional Director

Enclosure

ITEM # 5e  
PAGE 1

MEETING REQUEST FORM FOR  
MEETINGS WITH THE  
COMMISSIONER AT NWRA  
NOVEMBER 11, 2010

*to w/ Deputy Commissioner*

Organization Name: Cachuma Operation and Maintenance Board  
& Cachuma Conservation Release Board

Contact Person: Kate Rees Title: General Manager

Contact Person Phone Number: 805-687-4011 x 203

Contact Person Email: krees@cachuma-board.org

List of Other Attendees: \_\_\_\_\_ Title \_\_\_\_\_  
\_\_\_\_\_ Title \_\_\_\_\_  
\_\_\_\_\_ Title \_\_\_\_\_  
\_\_\_\_\_ Title \_\_\_\_\_

Issues you wish to discuss:

Long-Term Capital Improvement Needs for the Cachuma Project

Cachuma Project Biological Opinion

Permanent Funding from Reclamation for Quagga Mussel Prevention Program at Lake Cachuma

Use additional sheet if needed.

Please complete this form and either fax to 702-293-8333, email to cmcleod@usbr.gov, or call Ms. Cynthia McLeod at 702-293-8412 prior to October 15, 2010, to schedule a meeting.

\_\_\_\_\_ Region



U.S. Department of the Interior  
Bureau of Reclamation

ITEM # 5e  
PAGE 2

**Kate Rees**

---

**From:** McLeod, Cynthia M [CMcLeod@usbr.gov]  
**Sent:** Monday, October 18, 2010 7:16 AM  
**To:** Kate Rees  
**Subject:** RE: meeting request with Commissioner Connor

Kate,

It will be Kira Finkler, Deputy Commissioner – External and Intergovernmental Affairs; Gray Payne, Deputy Commissioner – Policy, Administration, and Budget; David Murillo, Deputy Commissioner – Operations; Bob Wolfe, Director, Program and Budget; and Don Glaser, Mid Pacific Regional Director. There is a possibility of Gray Payne and/or David Murillo not being in attendance, but I've listed them in case they do make it. Please call or email me if you have further questions.

Cynthia

**From:** Kate Rees [mailto:KRees@cachuma-board.org]  
**Sent:** Sunday, October 17, 2010 10:16 PM  
**To:** McLeod, Cynthia M  
**Subject:** RE: meeting request with Commissioner Connor

Cynthia -

I'm confirming the meeting with the Deputy Commissioners at 3:45pm on Nov 10th. Can you give me the name(s) of who I will be meeting with?

Thanks  
Kate

**From:** McLeod, Cynthia M [mailto:CMcLeod@usbr.gov]  
**Sent:** Fri 10/15/2010 2:44 PM  
**To:** Kate Rees  
**Subject:** RE: meeting request with Commissioner Connor

Kate,

I've scheduled your organization's meeting with the Deputy Commissioners for 3:45 p.m. on November 10, at the Hotel del Coronado. Please check in with me or Gwin at the Stewart Room and the meeting will take place in either the York or Kent Room, depending on which room is open at that time. Please be prompt for your meeting and be advised that the meeting will last only 15 minutes and will end after that time. Please acknowledge receipt of this email. If you have any questions or concerns, please call or email me.

Cynthia

vr,

Cynthia M. McLeod  
Executive Assistant to the  
Regional Director  
Lower Colorado Region  
Bureau of Reclamation

ITEM # 52  
PAGE 3



**Santa Barbara County Parks Department  
Cachuma Lake Recreation Area**

**Summary of Aquatic Invasive Species Vessel Inspection Program  
and Early Detection Monitoring Program: October 2010**

**VESSEL INSPECTIONS/Launch Data:**

| <b>Santa Barbara County Parks -- Cachuma Lake<br/>Boat Launch Data</b> |     |     |
|--|-----|-----|
| <b>Inspection Data*</b>  |     |     |
| Total Vessels entering Park  | 321 |     |
| Total Vessels launched   | 309 |     |
| Total Vessels Quarantined  | 12  | 4%  |
| Returning with Boat Launch Tag   | 254 | 82% |
| Arriving new: Inspected, washed  | 55  | 18% |
| Launched w/ 4-stroke engines   | 107 | 35% |
| Launched w/ 2-stroke engines   | 202 | 65% |

| <b>Quarantine Data</b>    |    |  |
|---------------------------|----|--|
| Total Vessels Quarantined | 12 |  |
| Quarantined 7 days        | 5  |  |
| Quarantined 14 days       | 7  |  |

| <b>Quarantine Reasons -- May be several for 1 boat</b> |   |  |
|--|---|--|
| Water in bilge   | 5 |  |
| Debris on hull   | 1 |  |
| Plug installed   | 0 |  |
| Infected areas   | 2 |  |
| Ballast tanks  | 0 |  |
| Boat longer than 24 feet                               | 2 |  |
| Out-of-state   | 0 |  |
| Unspecified  | 2 |  |

| <b>Demographic Data</b>         |   |  |
|---------------------------------|---|--|
| Quarantined from infected areas | 2 |  |
| Quarantined from SB County      | 6 |  |

\*NOTE: This report lacks data from Oct 5 - 16, 2010.

The data sheet disappeared from the launch ramp.

Boat Launch Tags: Boats with Cachuma Lake Boat Launch Tags attached to boat and trailer. These boats have not been removed from trailer since last visit to lake and are not subject to inspection or decontamination.

No mussel species have been located on any vessel entering Cachuma Lake as of October 31, 2010.

**CACHUMA LAKE QUAGGA SURVEY:**

**Summary:** No Dreissenid mussels were detected

Inspection site: Cachuma Lake Marina, Santa Barbara County, California

Inspection Date and Time : 2010.10.20; 0930 – 1330 PDT

Method: 14 PVC/Cement/Plastic Mesh Sampling Stations; 394 linear feet of line

Surveyors: Carrie Culver (Sea Grant), Liz Gaspar & Melissa Kelly, (SB County Parks), Lake Elevation: 736.82 from maximum of 753 feet

ITEM # 5f  
PAGE 1

# Cachuma Lake Marina Monthly Quagga Survey: Sampling Station Details

Inspection Date: 2010.10.20  
 Inspection Time: 0930-1330  
 Lake Elevation from max 753 feet 736.82

Surveyors: Carrie Culver, Sea Grant; Liz Gaspar & Melissa Kelly, SB County Parks

| Station # | Location/Description  | Stn Type                                   | Lake Depth Meters | Anchor/L Line Depth Meters | Tuff/Plate set Depth Meters | Secchi Depth & Temp Deg F @ 3 Meters | Mussels? | Stn # |
|-----------|---|--|-------------------|----------------------------|-----------------------------|--------------------------------------|----------|-------|
| Station 1 | Boathouse, left middle ramp   | Horizontal: 4 m line, 1 tuffy, 1 plate set | 8'                | .5 m                       | .5 m                        | 2.5<br>70°                           | No       | Stn 1 |
| Station 2 | Logboom platform at entrance, south east corner.                        | Vertical: Anchor, Tuffy, plates            | 30'               | 12 m                       | 6 m                         | 2.7<br>70°                           | No       | Stn 2 |
| Station 3 | Logboom platform at entrance, north west corner                         | Vertical: Anchor, Tuffy, plate set         | 125'              | 12 m                       | 6 m                         | 2.7<br>70°                           | No       | Stn 3 |
| Station 4 | Logboom platform at entrance, under platform.                           | Horizontal: 4 m line, 1 tuffy, 1 plate set | 125'              | .5 m                       | .5 m                        | 2.7<br>70°                           | No       | Stn 4 |
| Station 5 | N logboom, 13th log from S end, attached to chain at middle             | Vertical: Anchor, 1 Tuffy, 1 plate set     | 125'              | 12 m                       | 6 m                         | 3.1<br>71°                           | No       | Stn 5 |
| Station 6 | N logboom, 14th log from S end, attached to chain on NE side, west end. | Vertical: Anchor, 1 Tuffy, 1 plate set     | 127'              | 12 m                       | 6 m                         | 2.8<br>70°                           | No       | Stn 6 |

NOTES: Replaced stn 9 with new setup in conformance with the others; the station had been assembled from dissimilar materials to replace the original, which disappeared.

Line, knots, Tuffies, plate sets, blocks checked.  
 Samples: 0 Organisms: Plates: ample amphipods on all surfaces. Rope: 5 Physella snails, 1 leech.  
 Algae: none

Line, knots, Tuffies, plate sets, blocks checked.  
 Samples: 0 Organisms: Plates: ample amphipods in jelly blobs, low bryozoan. Rope: moderate algae, low bryozoan. Block: ample amphipods in jelly blobs, low bryozoan  
 Algae: moderate

Line, knots, Tuffies, plate sets, blocks checked.  
 Downloaded temp/light data from 3 loggers at 10', 20', 30'  
 Samples: 0 Organisms: Plate: ample amphipods. Rope: moderate algae, low bryozoans; 1 physella egg case. Block: moderate bryozoan  
 Algae: moderate

Line, knots, Tuffies, plate sets checked.  
 Samples: 0 Organisms: Plate: moderate amphipods in jelly, moderate bryozoans. Rope: moderate bryozoans.  
 Algae: moderate

Line, knots, Tuffies, plate sets, blocks checked.  
 Samples: 0 Organisms: Plate: low bryozoans, moderate amphipods. Rope: low bryozoans. Block: moderate amphipods in jelly, low bryozoans  
 Algae: Low

Line, knots, Tuffies, plate sets, blocks checked.  
 Samples: 0 Organisms: Plate: low bryozoans, moderate amphipods. Rope: low bryozoans. Block: moderate amphipods in jelly, low bryozoans  
 Algae: Moderate

ITEM #  
PAGE

| Station #  | Location/Description                                      | Stn Type                                   | Lake Depth Meters | Anchor/Lake Depth Meters | Tuff/Plate Depth Meters | Secchi Depth & Temp Deg F @ 3 Meters | NOTES:  | Mussels? | Stn #  |
|------------|---|--|-------------------|--------------------------|-------------------------|--------------------------------------|---|----------|--------|
| Station 7  | Far N dock at E end; S side; 14th slip from shore         | Vertical: Anchor, 1 Tuffy, 1 plate set     | 47'               | 12 m                     | 6 m                     | 3.1<br>71°                           | Line, knots, Tuffies, plate sets, blocks checked.<br>Downloaded temp/light data from 3 loggers at 10', 20', 30'<br>Samples: 2 <u>Organisms</u> : Plate: moderate amphipods Rope: low bryozoans Block: sponge only<br>Algae: moderate                                    | No       | Stn 7  |
| Station 8  | Far N dock at middle @ slip 10/12                         | Horizontal: 4 m line, 1 tuffy, 1 plate set | 43'               | .5 m                     | .5 m                    | 3.0<br>71°                           | Line, knots, Tuffies, plate sets checked.<br>Samples: 0 <u>Organisms</u> : Plate: low bryozoan, 1 midge larva Rope: 1 Physella, low bryozoan<br>Algae: moderate   | No       | Stn 8  |
| Station 9  | Middle dock at E end                                      | Vertical: Anchor, 1 Tuffy, 1 plate set     |                   | 12 m                     | 6 m                     | 3.0<br>70.5°                         | Line, knots, Tuffies, plate sets, blocks checked.<br>Samples: 0 <u>Organisms</u> : Plate: low amphipods Rope: low bryozoans, 1 midge larva, 1 Physella, 4 clear jelly blobs with multiple nuclei Block: 4 Corbicula (Asian Clam)<br>Algae: low                          | No       | Stn 9  |
| Station 10 | Middle dock at W end; slip 11 & 40                        | Horizontal: 4 m line, 1 tuffy, 1 plate set | 43'               | .5 m                     | .5 m                    | 2.9<br>70°                           | Line, knots, Tuffies, plate sets, checked.<br>Samples: 0 <u>Organisms</u> : Plate: moderate bryozoan, moderate amphipods Rope: low bryozoans<br>Algae: low  | No       | Stn 10 |
| Station 11 | Fuel Dock @ far E end                                     | Vertical: Anchor, 1 Tuffy, 1 plate set     | 45'               | 12 m                     | 6 m                     | 2.7<br>71°                           | Line, knots, Tuffies, plate sets, blocks checked.<br>Samples: 0 <u>Organisms</u> : Plate: 3 midge larvae Rope: moderate amphipods Block:<br>Algae: low  | No       | Stn 11 |
| Station 12 | Fuel Dock W end strung diagonally under gas pump platform | Horizontal: 4 m line, 3 tuffy, 3 plate set | 34'               | .5 m                     | .5 m                    | 2.9<br>70.5°                         | Line, knots, Tuffies, plate sets checked.<br>Samples: 0 <u>Organisms</u> : Plate: 6 midge larvae, ample amphipods, 1 midge case Rope: 4 Pysella, low bryozoan<br>Algae: none  | No       | Stn 12 |
| Station 13 | North Launch Dock E end                                   | Horizontal: 4 m line, 1 tuffy, 1 plate set | 10'               | .5 m                     | .5 m                    | 2.6<br>71°                           | Line, knots, Tuffies, plate sets checked.<br>Samples: 0 <u>Organisms</u> : Plate: 2 midge larvae, low bryozoan, 1 Physella Rope: moderate bryozoan<br>Algae: low  | No       | Stn 13 |
| Station 14 | South Launch Dock E end                                   | Horizontal: 4 m line, 1 tuffy, 1 plate set | 10'               | 2 m                      | .5 m                    | 2.3<br>71°                           | Line, knots, Tuffies, plate sets, checked.<br>Samples: 0 <u>Organisms</u> : Plate: 10 midges larvae, ample amphipods Rope: none. [NOTE: one end of the rope of this horizontal setup was detached, so it was effectively a vertical line this time.]<br>Algae: moderate | No       | Stn 14 |

**Project Status South Coast Conduit Upper Reach Reliability Project (2nd Barrel)**

**Report: 11/15/10**

| Project  | Engineering Design  | CEQA/NEPA Environmental Compliance  | Land Access/Easement Acquisition   | Revegetation/Weed Abatement  | Mitigation Plans  | Bid Process  | Construction Management Services   | Award Contract for Construction   |
|--|---|---|--|--|---|--|--|---|
| South Coast Conduit/Upper Reach Reliability Project (2nd Barrel) | Technical Specifications and Design completed April 2010. | Final Environmental Impact Report/CEQA completed February 2009.<br><i>Final Environmental Impact Statement/NEPA document will be complete 11/30/2010, then follow NEPA process-</i><br>1. Distributed to Reclamation Offices<br>2. Notice of Availability posted for 30 days<br>3. Record of Decision signed by the Regional Director at Reclamation.<br>EIR/EIS complete: January 31, 2011 | 1. Permit to Enter, Right of Way Agreement and Easement Deed completed for all impacted private landowners.<br>2. Permit easement acquisition of USBR and Goleta Water District property within the 2nd Barrel alignment currently in process to be completed 10/2010. | 1. Revegetation plan in progress by SAIC. 2. Weed abatement of 2nd barrel alignment completed 7/30/09 for 2009 growing season. 3. Weed Abatement for 2010 growing season began January 2010. | Weed Identification and Removal Manual completed March 2009.<br>Draft Special Status Species Protection Plan complete April 2009. | 1. COMB Bond funding approved at March 22nd board meeting- bid documents to be re-issued on 4/20/2010. | Construction Management Services awarded to AECOM/Boyle and approved by board 6/22/09. | 1. Contractor bid scheduled to take place on 5/18/2010 pending COMB Bond funding approval.<br>2. Bids received 5/18/2010.<br>3. The lowest qualified bidder has been notified. The contract has not yet been awarded due to delays in receiving the Section 106 permit. Please see Section 106 notes under the permit status sheet. |

\*Red italic text indicates update

| Permit Status: South Coast Conduit/Upper Reach Reliability Project<br>(2nd Barrel) |  |  |  |
|--|--|--|--|
| Agency   | Permit   | Status   | Notes  |
| U.S. Fish and Wildlife Service (USFWS)   | Section 7 of the Endangered Species Act Consultation   | Issued 11/4/2009   | Part of 404 - no separate application.   |
| Regional Water Quality Control Board (RWQCB)                                       | Section 401 of the CWA certification: General Permit for Storm Water Discharges Associated with Construction Activity (CWA Section 402) Note: Section 402 Notice of Intent will not be submitted until just before construction. | Issued 5/20/2009 (expires March 2011)  | Water Quality Certification#34209WQ06 issued.<br>Contractor - 401-SSWP 402 Dewatering discharge.   |
| California Department of Fish and Game (CDFG)                                      | Streambed Alteration Agreement   | Issued 7/13/2009<br>Doesn't "expire". Must have a copy of the letter, application and all attachments available at the work site at all times. | Notification# 1600-2009-0064-R5 issued- CDFG action period expired 7/1/2009 and agreement was issued automatically as a result of expired action period.<br>Standard Permit conditions.  |
| Santa Barbara Air Pollution Control District                                       | Authority for enforcing dust control measures  | Not required.  | Permits "not required" was determined during 8-6-09 conference call. Covered in EIR.   |
| Santa Barbara County   | Finding of consistency with the General Plan under California Government Code 65402  | Not required.  | Permits "not required" was determined during 8-6-09 conference call. Covered in EIR.   |
| National Marine Fisheries Service (NMFS)   | Section 7 of the Endangered Species Act Consultation   | Issued 7/1/2010  | 1. USACE has requested responses to NMFS questions on 20 July; responses sent July 30th. Part of 404 - no separate application.<br>2. Revegetation Plan is accepted.<br>3. Clarification for maintenance, revegetation and construction easement width at main stem of Glen Anne creek crossing sent by COMB to Darren Brumback at NOAA on 10/8/09 and 10/19/09.<br>4. Steelhead Survey completed on 3/29/10 resulting in no sign of steelhead-report sent to USACE on 3/31/10. USACE will submit survey to NMFS to issue a letter of no-effect with informal consultation.<br>5. NMFS letter of concurrence will be final by July 2010 and sent out to the ACOE, per NMFS staff. Section 7 Consultation for steelhead will be complete.<br>6. NMFS letter of concurrence issued 7/1/2010. Consultation complete.  |
| U.S. Army Corps of Engineers (USACE) Section 404 Permit                            | Section 404 of the Clean Water Act (CWA) permit  | Pending  | 1. Pending Sections 106 and 7 consultation completion with NMFS. Application dated 2-2009. Nationwide Permits 12 & 33.   |
| U.S. Bureau of Reclamation   | Construction Permit  | Pending  | Pending Record of Decision   |
| State Historic Preservation Office   | Section 106 of the National Historic Preservation Act review   | Pending  | <b>November 2010:</b><br><b>South Portal Documentation:</b><br><i>The Final Report, "Identification and Evaluation of Historic Properties- Tecolote Tunnel South Portal Vault, Tailings, and Construction Access Road" has been approved by Reclamation. The report will be submitted by Reclamation to SHPO for concurrence with the Reclamation Finding of Effect for the project. The South Portal documentation and Finding of Effect will be submitted concurrently with the Cultural Resources Analysis Finding of Effect to SHPO, estimated for submission to SHPO by 11/30/10.</i><br><b>Cultural Resources Analysis:</b><br><i>The Applied Earthworks final report "Buried Site Assessment at Two Locations" documenting the additional field work and trenching results has been approved by Reclamation. Reclamation will make a Finding of Effect for the Cultural Resources Analysis, and submit the Finding of Effect for the project to SHPO for concurrence by 11/30/10. SHPO has 30 days to concur after the consultation package is submitted. The tribal entity that submitted comments for the August 2010 "Work Plan for the Buried Site Program" has no further concerns with the project. Currently the expectation from Reclamation is a Finding of No Adverse Effect for the Cultural Resource Analysis, although the consultation is not yet complete.</i><br><i>*Please see previous permit status reports for history of Section 106 status.</i> |

ITEM # 66  
PAGE 1



**Cachuma Operation & Maintenance Board**  
**Draft Bond Financing Schedule**  
**2nd Pipeline Project**  
*as of November 2010*

|            |  |      |
|------------|--|------|
| 3/22/2010  | COMB approved bond documents, MWD Contribution Agreement (substantially the same form), and Bond Indemnification Agreement, and authorized the sale of bonds contingent upon approval of qualified lowest bidder | COMB |
| 5/18/2010  | Received Construction Bids   | COMB |
| 12/3/2010  | Reconcile language in CA to be consistent with POS - (MWD & SB)  | SYCR |
| 12/3/2010  | Redistribute GWD and SB POS Appendices   | SYCR |
| 12/17/2010 | Comments due on GWD and SB POS Appendices  | ALL  |
| 12/27/2010 | Send POS to Rating Agencies for Update   | SYCR |
| 12/27/2010 | Send POS to Assured Guarantee for Insurance Quote  | SYCR |
| 12/27/2010 | Distribute Final Draft of POS including Appendices   | SYCR |
| 1/4/2011   | Receive Updated Confirmations on Ratings   | FA   |

Assumes all Permits in Hand by mid January

|           |  |                |
|-----------|--|----------------|
| 1/24/2011 | COMB approves Project Expenditure  | COMB           |
| 2/8/2011  | Goleta Board ratifies Project Expenditure  | GWD            |
| 2/8/2011  | Santa Barbara City Council ratifies Project Expenditure/Approves CA                            | SB City        |
| 2/9/2011  | Carpintera Board ratifies Project Expenditure  | CVWD           |
| 2/15/2011 | Montecito Board ratifies Project Expenditure/Approves CA                                       | MWD            |
| 2/15/2011 | SYRWCD ID#1 Board ratifies Project Expenditure   | SYRWCD ID#1    |
| 2/18/2011 | Sign Off on POS  | All            |
| 2/18/2011 | Print and Distribute Preliminary Official Statement  | SYCR           |
| 2/25/2011 | Pre-Price Bonds  | CITI, COMB, FA |
| 2/25/2011 | Price Bonds and Sign Purchase Contract   | CITI, COMB, FA |
| 2/28/2011 | COMB approves MWD Final Contribution Agreement<br>COMB approves SB City Contribution Agreement | COMB           |
| 3/4/2011  | Print Official Statement   | SYCR           |
| 3/14/2011 | Pre-close  | All            |
| 3/17/2011 | Closing and Delivery of Funds  | All            |
| 3/18/2011 | Award Construction Contract  | COMB           |
| 3/21/2011 | Issue Notice to Proceed  | COMB           |

**COMB OPERATION AND MAINTENANCE BOARD**

**MEMORANDUM**

DATE: November 22, 2010  
TO: Board of Directors  
FROM: Kate Rees, General Manager  
RE: **Extension of Construction Contract for the SCC Upper Reach Reliability Project (2<sup>nd</sup> Pipeline Project)**

**Recommendation:**

That the Board approve the attached agreement between COMB and Blois Construction, to extend the time period for the award of contract by an additional sixty (60) calendar days.

**Discussion:**

The apparent low bidder for the 2<sup>nd</sup> Pipeline Project is Blois Construction, Inc. The bid specification document stated that COMB had to accept, reject, or mutually agree to an extension with the apparent low bidder within 90 days, which was August 16, 2010.

Due to the recent delays in getting a NHPA Section 106 permit approved by Reclamation, on July 26, 2010, Blois Construction and COMB mutually have agreed to extend the award of the bid twice, with a current extension date of December 14, 2010. Although substantial progress has been made toward completing the Section 106 permit process and the NEPA EIS process, neither has not yet been completed. Therefore, it is recommended that COMB request Blois Construction, Inc. to extend its bid by an additional 60 calendar days to February 12, 2011.

Staff has sent this request to Mr. Blois, but has not yet received confirmation of his acceptance. I hope to receive that concurrence prior to the Board meeting.

Respectfully submitted,



Kate Rees  
General Manager



CACHUMA OPERATION AND MAINTENANCE BOARD

3301 Laurel Canyon Road  
Santa Barbara, California 93105-2017  
Telephone (805) 687-4011  
FAX (805) 569-5825  
www.cachuma-board.org

November 15, 2010

On July 26, 2010, Blois Construction, Inc (“Bidder”) as the apparent low bidder for award of the contract to construct the “Upper Reach Reliability Project” and the governing Board of the Cachuma Operation and Maintenance Board (“COMB”) mutually agreed, in accordance with the Contract Documents, Section 007300 F of the Supplement to General Provisions, to extend by sixty (60) calendar days the time period for the award of contract, as such time period is specified in the Contract Documents, or for the Rejection of Bids, said period ending October 15, 2010. On September 27, 2010, COMB and the Bidder mutually agreed to a second sixty (60) calendar day extension of the award of contract to December 14, 2010.

At such time as the sixty (60) calendar day extension period ends, the Bidder and COMB may mutually agree to further sixty (60) calendar day extensions of the date for the award of contract or for the Rejection of Bids by written agreement.

By this written agreement, the Bidder and COMB hereby mutually agree to extend by another sixty (60) calendar days, the time period for the award of contract, or for the Rejection of Bids, said period ending February 11, 2010.

\_\_\_\_\_  
Cachuma Operation and Maintenance Board  
Lauren Hanson, President

\_\_\_\_\_  
Blois Construction, Inc  
Jim Blois

RESOLUTION NO 515  
CACHUMA OPERATION AND MAINTENANCE BOARD  
EXPRESSING APPRECIATION AND THANKS TO  
LEE BETTENCOURT  
UPON LEAVING OFFICE AS A DIRECTOR OF THIS BOARD

WHEREAS, Lee Bettencourt has served admirably as a Trustee on the Santa Ynez River Water Conservation District ID#1 Board since August 2000; and

WHEREAS, Mr. Bettencourt representing the Santa Ynez River Water Conservation District Improvement District No. 1 has served in an outstanding manner from November 2009 until December 2010 as a Director of the Cachuma Operation & Maintenance, and from December 2002 until November 2009 served as an Alternate Director; and

WHEREAS, Mr. Bettencourt has provided his experience and expertise to COMB during a very active and critical period in the history of the Board, including: COMB's participation in the Santa Barbara IRWMP resulting in a \$25 million grant, of which \$3.2 million will help fund an essential pipeline project;

WHEREAS, Mr. Bettencourt has dedicated substantial time and effort to achieve an efficient and consensus based reorganizational structure for COMB and CCRB; and

WHEREAS, Mr. Bettencourt has brought his regional perspective to assist in making well reasoned and important decisions for the overall benefit of COMB.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors and staff of the Cachuma Operation and Maintenance Board extend to Lee Bettencourt their sincere appreciation and heartfelt thanks for the invaluable service that he has given to the Board, its staff and to the people of the County of Santa Barbara.

PASSED AND ADOPTED by the Board of Directors of the Cachuma Operation and Maintenance Board on this 22<sup>nd</sup> day of November 2010.

APPROVED:

\_\_\_\_\_  
Lauren Hanson  
President of the Board

\_\_\_\_\_  
Das Williams  
Director

\_\_\_\_\_  
Bob Lieberknecht  
Director

\_\_\_\_\_  
Doug Morgan  
Director

ATTEST:

\_\_\_\_\_  
Kathleen Rees, Secretary

ITEM # 7  
PAGE 1

RESOLUTION NO 514  
CACHUMA OPERATION and MAINTENANCE BOARD  
EXPRESSING APPRECIATION AND THANKS TO  
DAS WILLIAMS  
UPON LEAVING OFFICE AS A DIRECTOR OF THIS BOARD

WHEREAS, Das Williams has served admirably as a member of the Santa Barbara City Council since November 2003 and was elected to the 35<sup>th</sup> District Assembly November 2010; and

WHEREAS, Mr. Williams representing the City of Santa Barbara has served in an outstanding manner from January 2006 until December 2010 as a Director and past President of Cachuma Operation & Maintenance Board; and

WHEREAS, Mr. Williams has provided his experience and expertise to COMB during a very active and critical period in the history of the Board, including: COMB's participation in the Santa Barbara IRWMP resulting in a \$25 million grant, of which \$3.2 million will help fund an essential pipeline project, expansion of the Lauro Reservoir Debris Basin; and development of a comprehensive Capital Improvement Program; and

WHEREAS, Mr. Williams has dedicated substantial time and effort to achieve an efficient and consensus based reorganizational structure for COMB and CCRB; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors and staff of the Cachuma Operation and Maintenance Board extend to Das Williams their sincere appreciation and heartfelt thanks for the invaluable service that he has given to the Board, its staff and to the people of the City, County, and water communities of Santa Barbara.

PASSED AND ADOPTED by the Board of Directors of the Cachuma Operation and Maintenance Board on this 22<sup>nd</sup> day of November 2010.

APPROVED:

\_\_\_\_\_  
Lauren Hanson  
President of the Board

\_\_\_\_\_  
Bob Lieberknecht  
Director

\_\_\_\_\_  
Lee Bettencourt  
Director

\_\_\_\_\_  
Doug Morgan  
Director

ATTEST:

\_\_\_\_\_  
Kathleen Rees, Secretary

ITEM # 8  
PAGE 1