

**MINUTES OF A REGULAR MEETING  
of the  
CACHUMA OPERATION & MAINTENANCE BOARD  
held at the  
Cachuma Operation & Maintenance Board Office  
3301 Laurel Canyon Road, Santa Barbara, CA  
Monday, November 20, 2006**

---

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

The meeting was called to order at 3:37 p.m. by Vice President Matt Loudon, who chaired the meeting. Those in attendance were:

**Directors present:**

Matt Loudon	SYR Water Conservation Dist., ID#1
Harry DeWitt	Goleta Water District
Robert Lieberknecht	Carpinteria Valley Water District
Das Williams (left after Item 8)	City of Santa Barbara
Jan Abel	Montecito Water District

**Others present:**

Kate Rees	Chip Wullbrandt
Bob Roebuck	Steve Mack
Gary Kvistad	Kevin Walsh
Janet Gingras	Chris Dahlstrom
Brett Gray	Tony Trembley
Danna McGrew	Stacey Hansen

**2. [Closed Session]: Conference with Legal Counsel to Discuss Pending Litigation pursuant to Government Code Section 54956.9 (a). One Case: Crawford-Hall V COMB, Superior Court of California, County of Santa Barbara, Case No. 1171135.**

The Board went into closed session at 3:38 p.m. Closed session ended at 4:12 p.m. There was nothing to report out of closed session.

*(the Board next considered Item #8)*

**8. Report on Lauro Debris Basin Rehabilitation Project**

Director Williams reported on the Lauro Debris Basin Rehabilitation Ad Hoc Committee meeting that met on Monday, November 13, 2006. A revision of the project design and cost was included in the board packet. Mr. Williams reported that there was

general agreement among the committee members on the revised design and that they felt the project should go forward. Ms Rees reported that Director Evans will be presenting the revised project to the Goleta Water District (GWD) Board at their meeting on December 12, 2006 prior to the COMB Board taking action on the project at the December 18, 2006 Board meeting.

*(the Board next considered Item #5)*

**5. Report from the Auditor for Fiscal Year 2005-2006: Recommendation to Accept the Audit and Dispositions of Excess Funds.**

The Financial Statements for the fiscal year ended June 30, 2006 and the Independent Auditors' Report performed and prepared by Bartlett Pringle & Wolf, Certified Public Accountants were included in the board packet. Danna McGrew and Stacey Hansen of the accounting firm summarized the audit. They issued a clean opinion. COMB expended less than was budgeted by about \$400,000.

Ms Rees recommended that: 1) the Board of Directors accepts the Financial Statements for the fiscal year ended June 30, 2006 and the Independent Auditor's Report; 2) that the Board of Directors authorize excess revenues in the amount \$572,920 be constructively applied toward the 3<sup>rd</sup> Quarter COMB assessment for FY 2006-2007 or toward a special project at the Board's discretion.

Director Lieberknecht moved to accept the Financial Statements for the fiscal year ended June 30, 2006 and the Independent Auditor's Report, seconded by Director Abel, passed 5/0/2, Director Williams was absent.

The Board will consider disposition of the excess funds from FY 2005-06 at the December 18, 2006 meeting.

**3. Public Comment**

There were no comments from the public.

**4. Consent Agenda**

**a. Minutes:** October 23, 2006 Regular Board Meeting

**b. Investment of Funds**

Financial Report

Investment Report

**c. Payment of Claims**

Director Abel moved to approve the Consent Agenda, seconded by Director Lieberknecht. Motion carried, 3/0/4, Director DeWitt abstained, Director Williams absent.

**6. Reports from the Manager**  
**d. Cachuma Reservoir Current Conditions**

Date 11/20/2006

Lake elevation	745.26 feet
Storage	174,078 acre feet
Rain (for the month to date)	0.00 inches
Rain YTD (for the season to date)	0.16 inches
Fish Release-Hilton Creek	11.6 acre feet per day
Month to Date Fish Release	234.6 acre feet
Month to Date Spill	0.00 acre feet

**7. Lauro Dam Safety of Dams Project**  
**a. Execution of Lauro Dam SOD Repayment Agreement**

Ms Rees reported having received the Lauro Dam SOD Repayment Agreement from the Bureau of Reclamation for signature. She confirmed that it was unchanged from the final version the Board approved in March 2006. The contract was included in the board packet along with Resolution 440 that the Board passed in March 2006.

**b. Reclamation Transfer Inspection held November 14, 2006**

Brett Gray reported that he had participated in a transfer inspection for the Lauro Dam SOD Project with Reclamation on November 14, 2006. A tour was conducted of the site and all of the construction activities associated with the seismic strengthening of Lauro Dam, and Mr. Gray reported that everything looked good. The only outstanding item is the inlet/outlet works hydraulic system, which is scheduled to be completed by December. There are no plans to transfer the project to COMB until that work has been completed. Upon completion the hydraulic system, it will be inspected and the project transfer can occur.

**c. Habitat Mitigation Plan**

Mr. Gray also reported that a draft Habitat Mitigation Plan is expected from URS this week. URS is determining the planting locations for the vegetation, a requirement of the project EIR. The draft plan will be available for the Board at the December 18<sup>th</sup> meeting.

Chris Dahlstrom, Manager of ID#1, referred to the Lauro Dam SOD Repayment Agreement. He stated his concern that because ID #1 is a member of COMB, that his district would be obligated to repay a share of the project cost. Counsel Hair indicated that this would not occur because ID #1 is not a party to the contract. It is between COMB and the Bureau of Reclamation. Payment allocation is internal to the Member Units and ID #1 is not responsible for any of the costs for the Lauro Dam SOD project. After discussion, COMB counsel was asked to draft a document

to clarify that ID #1 is not a party to the repayment contract or responsible for any of the costs. It was requested that the draft document be available to the ID #1 Manager and attorney before the Board took action at the December meeting.

## **9. Development of Integrated Regional Water Management Plan**

This was thoroughly discussed during the CCRB meeting, Item #6, and there was nothing further to add.

## **10. Cachuma Project Renewal Master Contract Interest Rate Adjustment**

### **a. Counsel's Opinion Letter Regarding COMB's Approval of Revised Interest Rate**

### **b. Follow-up letter to Kirk Rodgers, Reclamation Regional Director**

Ms Rees reported that the board packet included an opinion letter from COMB's counsel as requested by ID #1's attorney regarding COMB's approval of the revised Renewal Master Contract interest rate. The letter to Kirk Rodgers, Reclamation's Regional Director, accepting the 4.59% adjusted interest rate for the Cachuma Project Renewal Master Contract, was also provided to the Board.

### **c. Revised Interest Rate Calculation**

Janet Gingras explained how Reclamation will handle the revised interest rate calculation. They will not be recalculating water rates already billed for WY 2005-06 and the first payment for WY 2006-2007. Instead, Reclamation will re-distribute the corresponding revenues already received, using the revised M&I interest rate of 4.59% so that Reclamation's O&M expense and interest costs are paid first, with the remaining funds being allocated to pay off the M&I capital debt balance. This will create a slightly higher capital component in WY 2008, but eliminates the need for the Member Units to pay any additional amount owed now. The capital balance will be redistributed over the remaining repayment periods in order to pay off the capital balance by 2015.

Gary Kvistad, ID#1 counsel, had some questions and concerns regarding COMB Counsel's opinion letter. He will be communicating with Bill Hair and Tony Trembley regarding those concerns and suggest additional language he felt would provide enforceability of the new interest rate with Reclamation. This issue will be brought back to the Board in December, if necessary. For the record Tony Trembley stated he had not seen or heard any of the questions and concerns from ID #1 counsel prior to today's meeting.

## **11. Meeting Schedule**

As discussed during the CCRB meeting, the November 27, 2006 Joint Special COMB/CCRB Board meeting has been cancelled.

## **12. COMB Adjournment**

There being no further business, the meeting was adjourned at 4:57 p.m.

Respectfully submitted,

---

Kate Rees, Secretary of the Board

**APPROVED:**

---

Chuck Evans, President