

REGULAR MEETING
OF
CACHUMA OPERATION AND MAINTENANCE BOARD
AND
CACHUMA CONSERVATION RELEASE BOARD
at Cachuma Operation and Maintenance Board Office
3301 Laurel Canyon Road
Santa Barbara, CA 93105

CACHUMA OPERATION AND MAINTENANCE BOARD

Monday January 22, 2007

Approximate Start Time

3:00 P.M.

AGENDA

1. COMB CALL TO ORDER, ROLL CALL. (COMB Board of Directors.) (*1 minute*).
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. (*30 minutes*)
3. PUBLIC COMMENT. (Public may address the Board on any subject matter not on the agenda and within the Board's jurisdiction. See "Notice to the Public" below.) (*5 minutes*)
4. CONSENT AGENDA. (For Board Action by Vote on One Motion Unless Member Requests Separate Consideration.) (*2 minutes*)
 - a. Minutes
 - December 18, 2006 Regular Board Meeting,
 - b. Investment of Funds
 - Financial Reports
 - Investment Reports
 - c. Payment of Claims
5. RESOLUTION NO. 451 COMMEMORATING ROBERT DUNLAP'S THIRTY YEARS OF SERVICE (For Board action) (*5 minutes*)
6. REPORTS FROM THE MANAGER. (For information.) (*3 minutes*)
 - a. Water Storage
 - b. Water Production & Use, SWP Accounting
 - c. Operations Report
 - d. **Verbal Report** - Cachuma Reservoir Current Conditions

7. STATE WATER RESOURCES CONTROL BOARD ANNUAL FEES. (For Board action.) (5 minutes)
8. COMB WATER ACCOUNTING. (For information.) (5 minutes)
9. MID-YEAR FY 2006-07 BUDGET STATUS REPORT. (For information.) (5 minutes)
10. PROPOSED AGREEMENT WITH SYR WATER CONSERVATION DISTRICT, ID NO. 1 REGARDING LAURO DAM SAFETY OF DAMS REPAYMENT AGREEMENT. (For Board action.) (10 minutes)
11. **VERBAL REPORT - CONFERENCE REPORTS.** (For information.) (5 minutes)
 - a. ACWA Fall Conference, December 6-8, 2007, Anaheim, CA
 - b. Reclamation's Water Users Conference, January 17-19, 2007, Visalia, CA.
12. INTEGRATED REGIONAL WATER MANAGEMENT PLAN. (See CCRB Item No. 8)(1 minute)
13. LETTER FROM ID NO. 1 REGARDING COMB'S LEGAL COUNSEL. (For information and discussion.) (10 minutes)
14. SCHEDULE OF REGULAR BOARD MEETING DATES AND BOARD PACKET INFORMATION DEADLINES FOR 2007. (See CCRB Item No. 11) (1 minute)
15. MEETING SCHEDULE.
 - January 29, 2007 Special Joint CCRB/COMB Board Meeting at 2:00 P.M., COMB Office [tentative]
 - February 26, 2007 following CCRB at 2:15 P.M., COMB Office
16. COMB ADJOURNMENT.

NOTICE TO PUBLIC

Public Comment: Any member of the public may address the Board on any subject within the jurisdiction of the Board that is not scheduled for a public hearing before the Board. The total time for this item will be limited by the President of the Board. If you wish to address the Board under this item, please complete and deliver to the Secretary of the Board before the meeting is convened, a "Request to Speak" forms including a description of the subject you wish to address.

Americans with Disabilities Act: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Cachuma Operation and Maintenance Board office at (805) 687-4011 at least 48 hours prior to the meeting to enable the Board to make reasonable arrangements.

[This Agenda was Posted at 3301 Laurel Canyon Road, Santa Barbara, CA
at Santa Barbara City Hall, Santa Barbara, CA and at Member District Offices and Noticed and Delivered in
Accordance with Section 54954.1 and .2 of the Government Code.]

**MINUTES OF A SPECIAL MEETING
of the
CACHUMA OPERATION & MAINTENANCE BOARD
held at the**

Cachuma Operation & Maintenance Board Office
3301 Laurel Canyon Road, Santa Barbara, CA
Monday, December 18, 2006

1. Call to Order, Roll Call

The meeting was called to order at 8:04 a.m. by President Chuck Evans, who chaired the meeting. Those in attendance were:

Directors present:

Chuck Evans
Matt Loudon
Das Williams
Jan Abel

Goleta Water District
SYR Water Conservation Dist., ID#1
City of Santa Barbara
Montecito Water District

Others present:

Kate Rees
Bob Roebuck
Gary Kvistad
Brett Gray

Chris Dahlstrom
Steve Mack
Bill Hair (via conference phone)

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 8:05 a.m. Closed session ended at 8:53 a.m. There was nothing to report out of closed session.

3. Public Comment

There were no comments from the public.

4. Consent Agenda

a. Minutes:

November 20, 2006 Regular Board Meeting

b. Investment Funds

Financial Report

ITEM # 4a

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Investment Report
c. Payment of Claims

Director Loudon moved to approve the Consent Agenda, seconded by Director Williams. Motion carried, 6/0/1, Director Lieberknecht was absent.

5. Reports from the Manager

a. Water Storage

The report was included in the Board packet

b. Water Production & Use, SWP Accounting

The two reports were included in the Board packet

c. Operations Report

Brett Grays report on operations was included in the Board packet

d. Miller-Gies Development in Lauro Watershed

Brett Gray reported that COMB has an agreement with the property owner to do some drainage construction which would improve the drainage from the property and direct it into the main debris basin at Lauro Reservoir. The property owners are waiting for the permits to be issued before construction work can begin.

e. Cachuma Reservoir Current Conditions

Date 12/18/2006

Lake elevation	744.45 feet
Storage	171,791 acre feet
Rain (for the month to date)	1.05 inches
Rain YTD (for the season to date)	1.21 inches
Fish Release-Hilton Creek	11.6 acre feet per day
Month to Date Fish Release	198.2 acre feet
Month to Date Spill	0.00 acre feet

6. Resolution No. 451 Commemorating Robert Dunlap's Thirty Years of Service

The Board postponed action on this item until the January 22, 2007 meeting; Mr. Dunlap was unable to attend the December 18th meeting.

7. Lauro Dam Safety of Dams Project

a. Draft Habitat Mitigation Plan

The Lauro SOD Project required a Habitat Mitigation Plan for vegetation that was impacted or removed during construction. Brett Gray had included a draft Vegetation Plan for Lauro Dam in the Board packet which was prepared by URS. There are approximately 40 oaks trees being replanted along with native shrubs and

grasses. Areas of the dam structure need visual inspection from time to time, therefore those areas need to be planted with native grasses and the oaks and shrubs planted in the remaining locations. The plan is currently being reviewed and has been conceptually approved by COMB and Reclamation. The final plan is not expected to change from the draft plan.

b. Resolution No. 452 Regarding Repayment of Lauro Dam SOD Contract No. 05-WC-20-2923

At the November 20, 2006 meeting, Santa Ynez River Water Conservation District ID#1 had requested that a document be prepared stating that ID#1 would not be obligated to pay any part of the repayment for the Lauro Dam SOD Project under Contract No. 05-WC-20-2923 because it was a project that benefited the South Coast Member Units only. COMB Counsel was of the opinion that a resolution stating that the four South Coast Member Units were responsible for the total repayment cost and that ID #1 would not be obligated to pay any part of the repayment obligations was the most appropriate document to achieve the desired outcome. However, ID#1 thought, although the resolution was a good start, it lacked the security ID#1 was looking for because it did not provide enough protection for them; it could be rescinded by future Boards, and it did not include sufficient indemnification of ID#1. They had expected an MOU to be prepared.

Director Abel called the question on Resolution 452, seconded by Director Williams. Following discussion Director Abel asked Director Loudon if ID#1 would like to withdraw consideration of Resolution 452 at that time. Director Loudon requested that Mr. Hair and Mr. Kvistad further discuss which sort of document would be most appropriate to protect ID#1's interests and bring this item back to the Board at the January 22, 2007 meeting. Director Abel withdrew the motion to call the question.

Director Williams moved to continue the item to the January 22, 2007 meeting, seconded by Director Abel, passed 6/0/1, Director Lieberknecht absent.

8. Lauro Debris Basin Rehabilitation Project

Ms Rees reported that the Ad Hoc Committee consisting of Directors Evans and Williams, Kevin Walsh and Steve Mack had met and evaluated the project, and that all expressed support of the Lauro Debris Basin Rehabilitation Project. On December 12, 2006 COMB staff presented an overview of the Lauro Debris Basin Rehabilitation Project to the Goleta Water District Board (GWD). At that meeting, Director Evans reported to the GWD Board that he is ready to move forward with this project.

Included in the Board packet was an overview of the Lauro Debris Basin Project, the new concept design, the estimated cost and the percent distribution for the South Coast Member Units. The COMB audit for FY 2005-06 identified excess revenues of approximately \$560,000. Staff requested that the Board approve the project and set

aside those excess funds for the Lauro Debris Basin Rehabilitation Project to pay for final design, environmental compliance and permitting work, and partial funding for construction of the project.

Director Williams moved that the Board approve adding the Lauro Debris Basin Rehabilitation Project as a special project to the FY 2006-07 budget at a cost of \$560,000, designate the unexpended funds from FY 2005-06 to the Lauro Debris Basin Rehabilitation Project and authorize procurement of bids from pre-selected contractors for construction of the project, seconded by Director Abel, passed 5/0/2, Director Loudon abstained and Director Lieberknecht was absent.

9. Disposition of Excess Funds From FY 2005-2006

The recommendation from item #9 was discussed and included in the motion made by Director Williams during item #8.

10. Development of Integrated Regional Water Management Plan

Ms Rees highlighted the information included in the Board packet. Included were meeting minutes and agendas from the Partner's meetings held during the last month and the review draft of submitted projects. Ms Rees explained the process by which the submitted projects were being incorporated into the Plan. It is expected that the Plan will be ready for the various Boards approval in March 2007

11. Cachuma Project Renewal Master Contract Interest Rate Adjustment.

a. Counsel's Opinion Letter Regarding COMB Board's Approval of Revised M&I Interest Rate

Included in the Board packet was Counsel's opinion letter concerning the ability of the Board of Directors of COMB to act on behalf of its Member Units to accept the interest rate modification proposed by Reclamation pursuant to a term in COMB's Joint Powers Agreement. ID#1 thought the action taken by the COMB Board was not legally valid or appropriate, and indicated by letter that they believed an amendment to the Renewal Master Contract was necessary. COMB Counsel advised the Board that the interest rate adjustment was an administrative action that was negotiated with Reclamation, and that it did not necessitate amending the Renewal Master Contract. Ms Rees reported that she had met with Kirk Rodgers, Mid-Pacific Regional Director, and confirmed that Reclamation did not intend to amend the Renewal Master Contract. A letter is being prepared to be signed by Mr. Rodgers binding Reclamation to the new interest rate. Ms Rees will follow up with Reclamation to request that Mr. Rodgers sign and forward the letter to COMB as soon as possible.

12. Meeting Schedule

January 22, 2007, Regular COMB Board meeting following the 2:15 P.M. CCRB Board meeting, at the COMB office.

13. COMB Adjournment

There being no further business, the meeting was adjourned at 10:05 a.m.

Respectfully submitted,

Kate Rees, Secretary of the Board

APPROVED:

Chuck Evans, President

sec.comb/boardminutes/12.18.06COMB Minutes.doc

Approved _____

Unapproved _____ ✓

ITEM # 4a
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9:08 AM
 01/16/07
 Accrual Basis

comb2
Balance Sheet
 As of December 31, 2006

	Dec 31, 06
ASSETS	
Current Assets	
Checking/Savings	
1050 · GENERAL FUND	30,046.93
1100 · REVOLVING FUND	6,362.12
TRUST FUNDS	
1220 · RENEWAL FUND	5,298.30
1210 · WARREN ACT TRUST FUND	29,183.08
Total TRUST FUNDS	34,481.38
Total Checking/Savings	70,890.43
Other Current Assets	
1010 · PETTY CASH	400.00
1200 · LAIF	1,288,698.44
1300 · DUE FROM CCRB	66,373.13
1302 · ASSESSMENTS RECEIVABLE-CARP	86,414.16
1303 · SOD Act Assessments Receivable	49,902.00
1400 · PREPAID INSURANCE	11,696.72
1401 · W/C INSURANCE DEPOSIT	3,906.00
Total Other Current Assets	1,507,390.45
Total Current Assets	1,578,280.88
Fixed Assets	
1500 · VEHICLES	241,943.65
1505 · OFFICE FURN & EQUIPMENT	102,547.22
1510 · TRAILERS	97,803.34
1515 · FIELD EQUIPMENT	305,473.34
1525 · PAVING	22,350.00
1550 · ACCUMULATED DEPRECIATION	-527,362.02
Total Fixed Assets	242,755.53
Other Assets	
1910 · LT SOD Act Assess Receivable	6,423,143.07
Total Other Assets	6,423,143.07
TOTAL ASSETS	8,244,179.48
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2200 · ACCOUNTS PAYABLE	98,143.60
Total Accounts Payable	98,143.60
Other Current Liabilities	
2550 · VACATION/SICK	61,815.80
2561 · BRADBURY DAM SOD ACT	49,902.00
2562 · SWRCB-WATER RIGHTS FEE	-21,474.24
2590 · DEFERRED REVENUE	34,481.38
Payroll-DepPrm Admin	25.00
Payroll-DepPrm Ops	4.62
Total Other Current Liabilities	124,754.56
Total Current Liabilities	222,898.16
Long Term Liabilities	
2603 · LT SOD Act Liability - Lauro	660,000.00
2600 · Lease Obligation Payable	29,810.84
2601 · Note Payable SBB&T	86,414.16
2602 · SOD Act Liability-Long Term	5,763,143.07

9:08 AM
01/16/07
Accrual Basis

comb2
Balance Sheet
As of December 31, 2006

	Dec 31, 06
Total Long Term Liabilities	6,539,368.07
Total Liabilities	6,762,266.23
Equity	
3000 · Opening Bal Equity	0.95
3901 · Retained Earnings	785,863.52
Net Income	696,048.78
Total Equity	1,481,913.25
TOTAL LIABILITIES & EQUITY	8,244,179.48

comb2
Profit & Loss Budget vs. Actual
 July through December 2006

9:10 AM
 01/16/07
 Accrual Basis

	Jul - Dec 06	Budget	\$ Over Budget	% of Budget
TOTAL				
Income				
3000 REVENUE				
3001 · O&M Budget	1,613,821.00			
3003 · Assessment Revenue-Carp	1,938.66			
3010 · Interest Income	16,957.00			
3020 · Misc Income	0.00			
Total 3000 REVENUE	1,632,716.66			
Total Income	1,632,716.66			
Gross Profit				
Expense				
4000 · Reconciliation Discrepancies void	-0.52			
3100 LABOR				
3150 · Health & Workers Comp	63,973.88	141,391.00	-77,417.12	45.2%

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comb2
Profit & Loss Budget vs. Actual
July through December 2006

	Jul - Dec 06	Budget	\$ Over Budget	% of Budget
TOTAL				
3155 · PERS	33,392.02	69,869.00	-36,476.98	47.8%
3160 · Payroll Comp FICA Ops	14,232.25	30,449.70	-16,217.45	46.7%
3165 · Payroll Comp MCARE Ops	3,387.15	7,121.30	-3,734.15	47.6%
3100 LABOR - Other	0.00	456,501.00	-456,501.00	0.0%
Total 3100 LABOR	325,131.34	705,332.00	-380,200.66	46.1%
3200 VEH & EQUIPMENT				
3201 · Vehicle/Equip Mtce	10,279.73	30,000.00	-19,720.27	34.3%
3202 · Fixed Capital	2,490.82	50,000.00	-47,509.18	5.0%
3203 · Equipment Rental	8,553.09	23,000.00	-14,446.91	37.2%
3204 · Miscellaneous	5,035.60	15,000.00	-9,964.40	33.6%
Total 3200 VEH & EQUIPMENT	26,359.24	118,000.00	-91,640.76	22.3%
3300 · CONTRACT LABOR				
3301 · Conduit, Meter, Valve & Misc	1,631.37	10,000.00	-8,368.63	16.3%
3302 · Buildings & Roads	12,840.18	15,000.00	-2,159.82	85.6%
3303 · Reservoirs	22,481.91	50,000.00	-27,518.09	45.0%
3304 · Engineering, Misc Services	0.00	20,000.00	-20,000.00	0.0%
Total 3300 · CONTRACT LABOR	36,953.46	95,000.00	-58,046.54	38.9%
3400 · MATERIALS & SUPPLIES				
3401 · Conduit, Meter, Valve & Misc	6,063.91	20,000.00	-13,936.09	30.3%
3402 · Buildings & Roads	7,342.21	20,000.00	-12,657.79	36.7%
3403 · Reservoirs	788.68	10,000.00	-9,211.32	7.9%
Total 3400 · MATERIALS & SUPPLIES	14,194.80	50,000.00	-35,805.20	28.4%
3500 · OTHER EXPENSES				
3501 · Utilities	1,758.18	6,300.00	-4,541.82	27.9%
3502 · Uniforms	2,546.21	6,500.00	-3,953.79	39.2%
3503 · Communications	13,697.66	18,190.00	-4,492.34	75.3%
3504 · USA & Other Services	1,289.74	4,000.00	-2,710.26	32.2%
3505 · Miscellaneous	2,303.81	6,000.00	-3,696.19	38.4%
3506 · Training	888.37	7,000.00	-6,111.63	12.7%
Total 3500 · OTHER EXPENSES	22,483.97	47,990.00	-25,506.03	46.9%
4999 · GENERAL & ADMINISTRATIVE				
5000 · Director Fees	480.40	856.00	-375.60	56.1%
5001 · Director Mileage	6,016.00	9,984.00	-3,968.00	60.3%
5000 · Director Fees - Other				
Total 5000 · Director Fees	6,496.40	10,840.00	-4,343.60	59.9%
5100 · Legal	30,912.84	72,000.00	-41,087.16	42.9%

comb2
Profit & Loss Budget vs. Actual
July through December 2006

	Jul - Dec 06	Budget	\$ Over Budget	% of Budget
TOTAL				
5101-1 · Audit	9,175.00	20,000.00	-10,825.00	45.9%
5150 · Unemployment Tax	0.00	6,500.00	-6,500.00	0.0%
5200 · Liability Insurance	36,713.00	38,000.00	-1,287.00	96.6%
5201 · Health & Workers Comp	28,389.79	47,399.00	-19,009.21	59.9%
5250 · PERS	14,165.61	28,632.00	-14,466.39	49.5%
5260 · Comp FICA Admin	5,209.33	12,156.05	-6,946.72	42.9%
5265 · Comp MCARE Admin	1,376.17	2,842.95	-1,466.78	48.4%
5300 · Manager Salary	20,650.10	42,993.00	-22,342.90	48.0%
5301 · Administrative Manager	38,432.87	77,615.00	-39,182.13	49.5%
5306 · Administrative Assistant	25,720.24	51,441.00	-25,720.76	50.0%
5310 · Postage/Office Exp	2,277.82	9,000.00	-6,722.18	25.3%
5311 · Office Equip/Leases	2,588.31	5,750.00	-3,161.69	45.0%
5312 · Misc Admin Expenses	7,007.01	10,000.00	-2,992.99	70.1%
5313 · Communications	6,741.63	5,000.00	1,741.63	134.8%
5314 · Utilities	3,155.99	5,300.00	-2,144.01	59.5%
5315 · Membership Dues	4,652.85	6,150.00	-1,497.15	75.7%
5316 · Admin Fixed Assets	984.62	7,000.00	-6,015.38	14.1%
5320 · Admin Facilitator Consultant	24,543.75	27,700.00	-3,156.25	88.6%
5325 · Emp Training/Subscriptions	1,195.91	4,500.00	-3,304.09	26.6%
5330 · Admin Travel/Conferences	3,336.04	5,000.00	-1,663.96	66.7%
5331 · Public Information	57.27	2,000.00	-1,942.73	2.9%
5332 · Transportation	144.06	1,200.00	-1,055.94	12.0%
Total 4999 · GENERAL & ADMINISTRATIVE	273,926.61	499,019.00	-225,092.39	54.9%
5510 · Integrated Reg. Water Mgt Plan	5,000.00	10,000.00	-5,000.00	50.0%
6000 · SPECIAL PROJECTS				
6062 · SCADA	6,452.11	60,000.00	-53,547.89	10.8%
6090-1 · COMB Bldg/Grounds Repair	43,240.40	50,000.00	-6,759.60	86.5%
6092 · SCC Improv Plan & Design	20,107.17	300,000.00	-279,892.83	6.7%
6095 · SCC Valve & Cntrl Sta Rehab	30,792.83	600,000.00	-569,207.17	5.1%
6096 · SCC Structure Rehabilitation	42,836.47	400,000.00	-357,163.53	10.7%
6097 · GIS and Mapping	14,336.78	100,000.00	-85,663.22	14.3%
Total 6000 · SPECIAL PROJECTS	157,765.76	1,510,000.00	-1,352,234.24	10.4%
6400 · STORM DAMAGE				
6401 · Storm Damage 2005	6,856.00	100,000.00	-93,144.00	6.9%
Total 6400 · STORM DAMAGE	6,856.00	100,000.00	-93,144.00	6.9%
7000 · LEGAL & LITIGATION				
7002 · Spec Counsel-FMP-BO EIS/R	66,196.66	100,000.00	-33,803.34	66.2%
Total 7000 · LEGAL & LITIGATION	66,196.66	100,000.00	-33,803.34	66.2%

9:09 AM

01/16/07

Accrual Basis

comb2
Profit & Loss Budget vs. Actual
 July through December 2006

	TOTAL			
	Jul - Dec 06	Budget	\$ Over Budget	% of Budget
7006 - INTEREST EXPENSE	1,800.87			
PAYROLL				
Gross	-0.65			
Gross-CCRB	0.34			
Total PAYROLL	-0.31			
Total Expense	936,667.88	3,235,341.00	-2,298,673.12	29.0%
Net Income	696,048.78	-3,235,341.00	3,931,389.78	-21.5%

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OFFICE OF THE TREASURER
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 Local Agency Investment Fund
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 Sacramento, CA 94209-0001
 (916) 653-3001
 www.treasurer.ca.gov/pmia-laif

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DEC 16 2006

CACHUMA O&M BOARD

November, 2006 Statement

CACHUMA OPERATION AND MAINTENANCE BOARD

Account Number : 70-42-001

Attn: GENERAL MANAGER

3301 LAUREL CANYON ROAD

SANTA BARBARA CA 93105-2017

Transactions

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
11-16-2006	11-15-2006	RD	1098850	KATHLEEN REES	625,000.00
11-27-2006	11-27-2006	RW	1099718	KATHLEEN REES	- 96,000.00

Account Summary

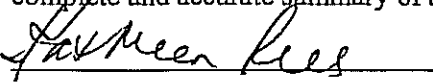
Total Deposit :	625,000.00	Beginning Balance :	815,698.44
Total Withdrawal :	- 96,000.00	Ending Balance :	1,344,698.44

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 November, 2006, 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

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 Local Agency Investment Fund
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JAN 13 2007

CACHUMA OPERATION AND MAINTENANCE BOARD

December, 2006 Statement

CACHUMA OPERATION AND MAINTENANCE BOARD

Account Number : 70-42-001

Attn: GENERAL MANAGER

3301 LAUREL CANYON ROAD

SANTA BARBARA CA 93105-2017

Transactions

Effective Date	Transaction Date	Tran. Type	Confirm Number	Authorized Caller	Amount
12-12-2006	12-11-2006	RW	1101144	KATHLEEN REES	- 55,000.00
12-12-2006	12-12-2006	RW	1101265	KATHLEEN REES	- 50,000.00
12-21-2006	12-20-2006	RD	1102293	KATHLEEN REES	49,000.00

Account Summary

Total Deposit :	49,000.00	Beginning Balance :	1,344,698.44
Total Withdrawal :	- 105,000.00	Ending Balance :	1,288,698.44

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 December, 2006, 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

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NORTHRIDGE, CA 91328-1098

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JAN 06 2007

CACHUMA COM BOARD

This Statement Covers

From: 12/01/06
Through: 12/31/06

Need assistance?

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

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

191006



We know financial information is important to you. Ensuring the privacy of your information is important to us. Please take a moment to look at the enclosed brochure about Washington Mutual's policy on privacy.

Your Guaranteed Great Rate Money Market Detail Information

CACHUMA OPERATION AND MAINTENANCE BOARD

Account Number: 871-849343-4

Washington Mutual Bank, FA

Your Account at a Glance

Beginning Balance	\$5,292.73	Interest Earned	\$5.57
Checks Paid	\$0.00	Annual Percentage Yield Earned	1.25%
Other Withdrawals	\$0.00	YTD Interest Paid	\$281.90
Deposits	+\$5.57	YTD Interest Withheld	\$0.00
Ending Balance	\$5,298.30		

Date	Description	Withdrawals (-)	Deposits (+)
12/29	Interest Payment		\$5.57

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 December, 2006, complies with legal requirements for investment policy of government agencies, AB 1073. I hereby certify that it constitutes a complete and accurate summary of all Washington Mutual Bank investments of this agency for the period indicated.

Secretary

ITEM # 46
PAGE 9



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NORTHRIDGE, CA 91328-1098

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CACHUMA OPERATION AND MAINTENANCE BOARD

This Statement Covers

From: 12/01/06
Through: 12/31/06

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CACHUMA OPERATION AND MAINTENANCE BOARD
TRUST FUND
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CACHUMA OPERATION AND MAINTENANCE BOARD
TRUST FUND

Account Number: 871-849358-3
Washington Mutual Bank, FA

Your Account at a Glance

Beginning Balance	\$29,127.91
Checks Paid	\$0.00
Other Withdrawals	\$0.00
Deposits	+\$55.17
Ending Balance	\$29,183.08

Interest Earned	\$55.17
Annual Percentage Yield Earned	2.25%
YTD Interest Paid	\$504.26
YTD Interest Withheld	\$0.00

Date	Description	Withdrawals (-)	Deposits (+)
12/29	Interest Payment		\$55.17

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 December, 2006, complies with legal requirements for investment policy of government agencies, AB 1073. I hereby certify that it constitutes a complete and accurate summary of all Washington Mutual Bank investments of this agency for the period indicated.

Kathleen Rees
Secretary

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9:08 AM

01/16/07

Accrual Basis

comb2

Payment of Claims

As of December 31, 2006

Date	Num	Name	Memo	Split	Amount
1050 · GENERAL FUND					
12/4/2006	15631	Squidly's Car Wash	Vehicle wash/mtce	2200 · ACCO...	-60.00
12/12/2006	15632	Acorn Landscape Manage...	Monthly mtce	2200 · ACCO...	-239.70
12/12/2006	15633	ACWA Services Corporatio...	Dec EAP	2200 · ACCO...	-47.46
12/12/2006	15634	All Around Landscape Supply	Carp Res cleaning supplies	2200 · ACCO...	-41.52
12/12/2006	15635	Aqua-Flo Supply	Fittings for testing water pressure	2200 · ACCO...	-58.80
12/12/2006	15636	AT&T	Nov 27, 2006 statement	2200 · ACCO...	-132.69
12/12/2006	15637	Bartlett, Pringle & Wolf, LLP	Client #A6145.1100	2200 · ACCO...	-3,248.00
12/12/2006	15638	Boyle Engineering Corp.		2200 · ACCO...	-7,179.93
12/12/2006	15639	C. Charles Evans	11/13 Spec mtg-Lauro Debris basin	2200 · ACCO...	-132.45
12/12/2006	15640	Cedant Web Hosting	Web host/Parked domain Reg#249...	2200 · ACCO...	-19.94
12/12/2006	15641	Central Machine & Welding	Fabricate spools/repair hatch cover	2200 · ACCO...	-537.06
12/12/2006	15642	CIO Solutions, Inc.	Support	2200 · ACCO...	-387.50
12/12/2006	15643	City of Santa Barbara-Cent...	Gloves	2200 · ACCO...	-117.28
12/12/2006	15644	City of SB-Refuse		2200 · ACCO...	-155.74
12/12/2006	15645	Coastal Copy	Monthly mtce KM5035 10/4-11/3/06	2200 · ACCO...	-69.87
12/12/2006	15646	Coastline Equipment Co.	Impeller for wacker pump PO#8674	2200 · ACCO...	-147.10
12/12/2006	15647	Cox Communications	Business Internet 11/18-12/17/06	2200 · ACCO...	-199.00
12/12/2006	15648	Culligan Water	RO system Dec	2200 · ACCO...	-20.95
12/12/2006	15649	Das Williams	11/20 Reg mtg-11/13 & 14 Spec mt...	2200 · ACCO...	-395.07
12/12/2006	15650	Duraframe Dipnet	CCRB-replacement nets PO#5023	2200 · ACCO...	-64.89
12/12/2006	15651	ECHO Communications	Answering service	2200 · ACCO...	-55.70
12/12/2006	15652	Famcon Pipe & Supply	Plated bolts	2200 · ACCO...	-172.40
12/12/2006	15653	Flowers & Associates, Inc.	Oct chrgs Lauro Res Debris Basin i...	2200 · ACCO...	-2,096.40
12/12/2006	15654	GE Capital	Copier lease Billing ID#90133603185	2200 · ACCO...	-427.77
12/12/2006	15655	Graybar Electric Company, ...		2200 · ACCO...	-50.58
12/12/2006	15656	Harry DeWitt	11/20 Reg mtg	2200 · ACCO...	-132.45
12/12/2006	15657	Home Depot Credit Services		2200 · ACCO...	-41.88
12/12/2006	15658	J&C Services	11/13, 17 office cleaning	2200 · ACCO...	-250.00
12/12/2006	15659	Jan Abel	11/20 Reg mtg	2200 · ACCO...	-136.90
12/12/2006	15660	MarBorg Industries		2200 · ACCO...	-163.04
12/12/2006	15661	Matt Loudon	11/20 Reg mtg	2200 · ACCO...	-153.24
12/12/2006	15662	McMaster-Carr Supply Co.	Corona-equip cooling fan/thermost...	2200 · ACCO...	-208.24
12/12/2006	15663	Milpas Rental	Rental-saw/sander tool/blade	2200 · ACCO...	-106.23
12/12/2006	15664	Nextel Communications	Cellular 10/19-11/18/06	2200 · ACCO...	-316.39
12/12/2006	15665	Permacolor, Inc.	Flanges	2200 · ACCO...	-300.00
12/12/2006	15666	PG&E		2200 · ACCO...	-124.17
12/12/2006	15667	Platinum Plus For Business		2200 · ACCO...	-5,186.64
12/12/2006	15668	Praxair Distribution	Cylinder rental	2200 · ACCO...	-36.89
12/12/2006	15669	Quinn Company	Pin flex-backhoe	2200 · ACCO...	-43.89
12/12/2006	15670	Republic Elevator	Scheduled mtce	2200 · ACCO...	-220.69
12/12/2006	15671	Robert Lieberknecht	11/20 Reg mtg-11/14 Spec mtg	2200 · ACCO...	-281.18
12/12/2006	15672	Santa Barbara Concrete C...	Wall core drilling/scaffold	2200 · ACCO...	-170.00
12/12/2006	15673	Science Applications Intern...	SCC/Goleta Reach Env. Cons. ser...	2200 · ACCO...	-712.50
12/12/2006	15674	Sound Billing LLC	Oil change/service-Explorer	2200 · ACCO...	-41.45
12/12/2006	15675	Southern California Edison	Main ofc/outlying stations	2200 · ACCO...	-780.60
12/12/2006	15676	State Compensation Insura...	Payroll report-Nov 2006	2200 · ACCO...	-2,825.50
12/12/2006	15677	The Gas Company	Gas-main office	2200 · ACCO...	-1.96
12/12/2006	15678	Underground Service Alert	50 new tickets-2 fax charges	2200 · ACCO...	-86.00
12/12/2006	15679	UPS	Lending library returns-BG/AC	2200 · ACCO...	-6.59
12/12/2006	15680	Verizon Wireless	Cellular	2200 · ACCO...	-180.51
12/12/2006	15681	Best, Best & Krieger, LLP	Crawford-Hall CEQA Nov 2006	2200 · ACCO...	-5,761.08
12/12/2006	15682	Buena Tool Co.	Wood-lateral project	2200 · ACCO...	-94.01
12/12/2006	15683	Caterpillar Financial Servic...	Backhoe lease Contract #001-0258...	2200 · ACCO...	-1,294.06
12/12/2006	15684	Famcon Pipe & Supply	Pipe/couplings	2200 · ACCO...	-4,406.54
12/12/2006	15685	Fleet Fueling	Fuel/fuel cards	2200 · ACCO...	-1,256.41
12/12/2006	15686	McMaster-Carr Supply Co.	First aid supplies PO#8679	2200 · ACCO...	-36.04
12/12/2006	15687	Nordman, Cormany, Hair &...		2200 · ACCO...	-9,190.00

ITEM # 4C Page 1PAGE 1

9:08 AM
01/16/07
Accrual Basis

comb2
Payment of Claims
As of December 31, 2006

Date	Num	Name	Memo	Split	Amount
12/12/2006	15688	Orchard Supply Hardware		2200 · ACCO...	-193.70
12/12/2006	15689	Paychex, Inc.	11/3,17 & 12/1/06 payrolls/taxes	2200 · ACCO...	-312.18
12/12/2006	15690	Prudential Overall Supply		2200 · ACCO...	-296.62
12/12/2006	15691	Republic Elevator		2200 · ACCO...	-1,305.88
12/12/2006	15692	Richard Hagon Construction	Lauro yard-repair walkway between...	2200 · ACCO...	-6,560.00
12/12/2006	15693	Robert Dunlap	Reimb-steel toe boots	2200 · ACCO...	-130.00
12/12/2006	15694	SB Home Improvement Ce...	Tape measure	2200 · ACCO...	-18.30
12/12/2006	15695	Southern California Edison	Glen Anne gate	2200 · ACCO...	-13.14
12/12/2006	15696	Specialty Tool, LTD	Misc supplies lateral rehab	2200 · ACCO...	-123.58
12/12/2006	15697	Staples Credit Plan	Ofc supplies	2200 · ACCO...	-293.67
12/12/2006	15698	UPS	Lending library returns-AC	2200 · ACCO...	-11.70
12/12/2006	15699	Verizon California		2200 · ACCO...	-346.63
12/12/2006	15700	Best, Best & Krieger, LLP	Crawford-Hall CEQA Oct 2006	2200 · ACCO...	-18,681.93
12/13/2006	15702	COMB-Petty Cash	Replenish petty cash	2200 · ACCO...	-316.46
12/18/2006	15703	Squidly's Car Wash	Vehicle wash/mtce	2200 · ACCO...	-60.00
12/18/2006	15704	Fed Ex Kinko's, Inc.	Color copies-SW Board hearings	2200 · ACCO...	-201.38
12/18/2006	15705	Federal Express	CCRB Mailings	2200 · ACCO...	-61.55
12/18/2006	15706	Verizon California	SCADA	2200 · ACCO...	-516.99
12/18/2006	15707	Tri-County Office Furniture	Bookcase-BG PO#8669	2200 · ACCO...	-414.84
12/21/2006	15708	Santa Barbara Bank&Trust	#10 of 16 qtrly pymt princ & int	2200 · ACCO...	-14,965.26
Total 1050 · GENERAL FUND					-95,426.69
TOTAL					-95,426.69

RESOLUTION NO. 451
A RESOLUTION OF THE
CACHUMA OPERATION & MAINTENANCE BOARD

For

Robert H. Dunlap

Upon Completion of
Thirty Years of Service with This Organization

WHEREAS, Robert Dunlap began employment with the Cachuma Operation and Maintenance Board December 13, 1976, and

WHEREAS, during his term of employment he has exemplified the qualities of hard work, dedication and concern for his fellow workers, and

WHEREAS, Robert has continually achieved higher levels of achievement and responsibility during his tenure at COMB starting from Water Worker 1 to Operations Foreman, and

WHEREAS, Robert has now completed thirty years of continuous service with this organization as of the month of December in the year 2006.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors and the entire staff of the Cachuma Operation and Maintenance Board extend to Robert Dunlap their congratulations and most sincere expression of gratitude for his thirty years of service to COMB and to the community.
2. That upon attainment of this milestone, the COMB Board and staff also express to Robert their knowledge that he will continue to build upon this fine achievement.

The Resolution was declared, carried, and adopted this 18th day of December 2006.

Approved:

Attest:

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PAGE 1

CACHUMA OPERATION AND MAINTENANCE BOARD
WATER STORAGE REPORT

MONTH: **December 2006**

GLEN ANNIE RESERVOIR

Capacity at 385' elevation:	518 Acre Feet
Capacity at sill of intake at 334' elevation:	21 Acre Feet
Stage of Reservoir Elevation	345.20 Feet
Water in Storage	75.44 Acre Feet

LAURO RESERVOIR

Capacity at 549' elevation:	600 Acre Feet
Capacity at sill of intake at 512' elevation:	84.39 Acre Feet
Stage of Reservoir Elevation	543.50 Feet
Water in Storage	480.96 Acre Feet

ORTEGA RESERVOIR

Capacity at 460' elevation:	OUT OF SERVICE	65 Acre Feet
Capacity at outlet at elevation 440':		0 Acre Feet
Stage of Reservoir Elevation		0.00 Feet
Water in Storage		0.00 Acre Feet

CARPINTERIA RESERVOIR

Capacity at 384' elevation:	45 Acre Feet
Capacity at outlet elevation 362':	0 Acre Feet
Stage of Reservoir Elevation	375.20 Feet
Water in Storage	23.93 Acre Feet

TOTAL STORAGE IN RESERVOIRS

Change in Storage	-71.13 Acre Feet
-------------------	------------------

CACHUMA RESERVOIR

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

Stage of Reservoir Elevation	744.04 Feet
------------------------------	-------------

Water in Storage	171,787 AF
------------------	------------

Area	2,788
------	-------

Evaporation	379.5 AF
-------------	----------

Inflow	-49.4 AF
--------	----------

Downstream Release WR8918	0 AF
---------------------------	------

Fish Release	360.2 AF
--------------	----------

Spill/Seismic Release	0 AF
------------------------------	------

State Project Water	0 AF
---------------------	------

Change in Storage	-2,444 AF
-------------------	-----------

Tecolote Diversion	2,030.5 AF
--------------------	------------

06-07 ENTITLEMENT

**CACHUMA OPERATION AND MAINTENANCE BOARD
WATER PRODUCTION AND WATER USE REPORT
FOR THE MONTH OF DECEMBER 2006 AND THE WATER YEAR TO DATE**

(All in rounded Acre Feet)

	MONTH					YTD
	TOTAL					TOTAL
WATER PRODUCTION:						
Cachuma Lake (Tec. Diversion)	2,031					7,050
Tecolote Tunnel Infiltration	149					505
Glen Anne Reservoir	0					0
Cachuma Lake (County Park)	2					12
State Water Diversion Credit	0					206
Gibraltar Diversion Credit	0					0
Bishop Ranch Diversion	0					0
Meter Reads	1,879					6,690
So. Coast Storage gain/(loss)	(71)					(112)
Total Production	2,182					7,567
Total Deliveries	1,808					6,784
Unaccounted-for	374					784
% Unaccounted-for	17.12%					10.35%
	GWD	SB CITY	MWD	CVWD	SYRWCD	TOTAL
WATER USE:					I.D. #1	
M&I	646	645	238	94	2	1,625
Agricultural	162	0	23	70	0	255
TOTAL FOR MONTH	808	645	261	164	2	1,879
Same Mo/prev. yr	630	372	238	194	3	1,437
M&I Yr to date	2,601	1,753	810	348	11	5,523
Ag. Yr to date	708	0	121	336	0	1,165
TOTAL YTD	3,309	1,753	931	684	11	6,687
USAGE % YTD	23.5%	12.2%	27.3%	15.0%	0.5%	17.2%
Previous Year/YTD	2,718	1,145	806	719	13	5,401
Evaporation	6	15	0	3	0	24
Evaporation, YTD	54	88	6	22	0	170
Entitlement	9,322	8,277	2,651	2,813	2,651	25,714
Carryover	4,884	6,790	715	1,836	0	14,225
Carryover Balances Spilled YTD	0	0	0	0	0	0
Surplus^	0	0	0	0	0	0
State Water Exchange^	94	64	64	42	(264)	0
Transfers*/Adjustment***	0	0	0	0	0	0
Passthrough H2O**	0	(18)	0	0	0	(18)
TOTAL AVAILABLE	14,300	15,113	3,430	4,691	2,387	39,921
REMAINING BALANCE	10,937	13,272	2,493	3,985	2,376	33,063

*
** City relinquished 6 AF per "Passthrough" agrmt for December 2006 (No Passthrough during spill conditions).
State Water Deliveries for December to Lake Cachuma were MWD 0 AF; CVWD 0 AF
GWD 0 AF (Morehart 0 AF); City of S.B. 0 AF; and LaCumbre 0 AF; (Ratheon 0 AF).
^ Per SWP Exchange Agrmt GWD received 0 AF; MWD received 0;
City of SB received 0 AF; and CVWD received 0 AF from ID#1 in December 2006.

PERCENT OF WATER YEAR ELAPSED:

25.0%

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

MONTH	DELVRD TO LAKE	Delvd CVWD		Delvd MWD		Delvd S.B.		Delvd GWD		Delvd LCMWC		Delvd RSYS		Delvd MLC	
		to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC
2005		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bal. Frwd		0	0	0	0	0	0	0	0	0	0	0	0	0	0
January	45	0	0	12	12	0	0	18	32	0	76	0	0	0	0
February	0	0	0	0	0	0	0	0	-32	50	-76	20	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	185	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	276	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	506	0	0	12	12	0	0	18	0	50	95	-59	252	50	84

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

MONTH	DELVRD TO LAKE	Delvd CVWD		Delvd MWD		Delvd S.B.		Delvd GWD		Delvd LCMWC		Delvd RSYS		Delvd MLC	
		to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC	to Lake	to SC
2006		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bal. Frwd		0	0	0	0	0	0	0	0	0	0	0	0	0	0
January	0	0	0	0	0	0	0	0	0	0	95	0	0	0	0
February	111	0	0	0	0	0	0	0	0	0	0	111	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	60	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July	121	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	111	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	106	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	759	0	0	0	0	0	0	0	0	0	704	0	799	55	0

Operations Report – December 2006

Cachuma Project water usage for the month of December 2006 was 1,879 acre-feet, compared with 1,436 acre-feet for the same period in 2005. Cachuma Project water use for the 12 months ending 31 December 2006 was 25,231 acre-feet, compared with 28,118 acre-feet for the 12 months ending 31 December 2005.

The average flow from Lake Cachuma into the Tecolote Tunnel was 66 acre-feet per day. Lake elevation was 744.91 feet at the beginning of the month and 744.04 feet at the end. Recorded rainfall at Bradbury Dam was 1.59 inches for the month and 1.95 inches for the rainfall season, which commenced on July 1, 2006.

Santa Barbara wheeled 341 acre-feet of Gibraltar water through Lauro Reservoir during the month. 0 acre-feet of State Water Project water was wheeled through Cachuma Project facilities and delivered to South Coast Member Units during the month.

Structure rehabilitation continued this month with work on blow-off piping and lateral rehab planning. Staff has scheduled and is preparing for three system shutdowns in January through February. Work scheduled during these shutdowns includes the rehabilitation of two blow-offs and 9 laterals. This work will conclude all lateral, blow-off, and air vent rehabilitation on the upper reach of the South Coast Conduit, except for three structures that require major rehabilitation work beyond our current scope. This month parts were delivered to each site, structures were pumped of water, inventories of required tool were taken, needed tools were ordered, access was improved to several sites, and man-hoist attachment points were established at all sites in anticipation of next months structure rehab. Safety procedures, gas detectors, man harnesses, first-aid kits and 911 procedures were reviewed, calibrated and replenished. All preparation work was completed for the first system shutdown scheduled for the week of Monday January 8th.

Annual maintenance occurred on the COMB SCADA system. This work included inspection and review of all PLC's. The data registers were updated. New signals were directed for the inflow/outflow at Carpinteria Reservoir and the Carpinteria Valley Water District wells to the City of Santa Barbara. New batteries were ordered for UPS's at several sites. The inspection and review of the SCADA computer system will occur in February.

Staff continued the work on upgrading the Lauro Yard drain system. This project consists of upgrading portions of the existing system with new larger drain pipe and re-routing the drain system around congested areas. This month 150 feet of 18 drain pipe was installed along with 2 drop-inlets. In January the last drop-inlet will be installed and the system will be connected to the existing drainage system. This project is scheduled for completion and repaving in January.

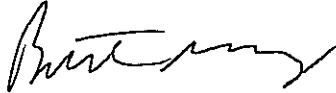
Miscellaneous work completed this month includes:

- New network/phone lines were pulled from the Crew Shop to the trailers.
- 2 leaky fuel lines were replaced on the Posi-Track.
- Work continued on the COMB GIS system.

- Ortega Reservoir discharge water samples were taken during the draining process and the annual report on discharge water quality was submitted to the Regional Water Quality Control Board.

Routine operation and maintenance activities conducted during the month included:

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



Brett Gray
Operations Supervisor

CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

DATE: January 22, 2007
TO: Board of Directors
FROM: Kate Rees, Interim General Manager
RE: **State Water Resources Control Board Water User Fees for FY 2006-2007**

Recommendation:

It is recommended that the Board of Directors ratify the action to pay the State Water Resources Control Board (SWRCB) Water User Fees for the Cachuma Project for Fiscal Year 2006-2007 in the amount of \$21, 474.

Discussion:

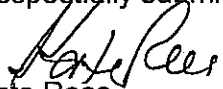
Attached are two spreadsheets relating to the SWRCB Water User Fees for the Cachuma Project permits for FY 2006-2007.

One spreadsheet shows how the fees were calculated. As in past years, the SWRCB charges fees for each of the five Cachuma Project permits, even though the Santa Ynez River and Lauro Creek permits are multiple use permits. The SWRCB did not increase the fees this year, so the total amount owed for FY 2006-2007 was \$21, 474, which was same amount as FY 2005-2006.

The second spreadsheet shows how the fee cost is allocated by Member Unit, based on Cachuma entitlement percentages. All Member Units share the fee cost for the two permits for the Santa Ynez River, and the four South Coast member Units share the fee cost for the three permits for Glen Annie and Lauro.

The SWRCB was delayed in sending the bills this year. Consequently, we did not receive the bill from the County Water Agency until early December. Because the due date was December 18, 2006, COMB collected revenue from the Member Units and made the fee payment to the Board of Equalization before the payment due date. The Board is requested to ratify the action, acknowledging the payment amount.

Respectfully submitted,


Kate Rees
Interim General Manager

w/attachments

KR.COMB/Admin/board memos/012207_ Water User Fees.mmo

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STATE WATER RESOURCES CONTROL BOARD FEE CALCULATION - ACCOUNT NUMBER WR MT 94-000008 0

FOR THE PERIOD 07/01/06 - 06/30/07

FEE FORMULA = (\$100 PER PERMIT FOR FIRST 10 AFY) + (PERMIT TOTAL AFY - 10 AFY) X \$0.030/AFY

PERMIT APP. #	LOCATION	ANNUAL DIVERSION CFS	ANNUAL DIVERSION AFY*	ANNUAL STORAGE AFY	USAGE	TOTAL AFY	USER FEE** AMOUNT (\$)
11331	Santa Ynez River	100	72,380	275,000	Irrigation	347,380	10,522
11332	Santa Ynez River	50	36,190	275,000	M&I	311,190	9,435
SUBTOTAL							19,958
11761	Lauro Creek	15	10,857	500	M&I	11,357	440
11762	Lauro Creek	15	10,857	500	Irrigation	11,357	440
11989	W. Glen Anne Creek	24	17,371	500	Irrigation	17,871	636
SUBTOTAL							1,517
TOTAL							21,474

* Direct diversion by permit application converted to acre-feet per year (AFY=CFSx1.983x365)
 ** From Fee Formula for the Period

CACHUMA PROJECT

STATE WATER USERS FEE - 7/1/06 TO 6/30/07

STATE WATER RESOURCES CONTROL BOARD - ACCT. NO. WR MT 94-000008 0

1/4/2007

MEMBER UNIT	COST SHARE* (%)	AMOUNT DUE
Permits No. 11331 & 11332		
GOLETA WATER DISTRICT	36.25	\$7,234
CITY OF SANTA BARBARA	32.19	\$6,424
CARPINTERIA VALLEY WD	10.94	\$2,183
MONTECITO WATER DISTRICT	10.31	\$2,058
SANTA YNEZ RWCD ID#1	10.31	\$2,058
SUBTOTAL	100.00	\$19,957

MEMBER UNIT	COST SHARE** (%)	AMOUNT DUE
Permits No. 11761,11762 &11989		
GOLETA WATER DISTRICT	40.42	\$613
CITY OF SANTA BARBARA	35.89	\$544
CARPINTERIA VALLEY WD	12.20	\$185
MONTECITO WATER DISTRICT	11.50	\$174
SUBTOTAL	100.00	\$1,517

MEMBER UNIT	AMOUNT DUE
GOLETA WATER DISTRICT	\$7,848
CITY OF SANTA BARBARA	\$6,969
CARPINTERIA VALLEY WD	\$2,368
MONTECITO WATER DISTRICT	\$2,232
SANTA YNEZ RWCD ID#1	\$2,058
TOTAL PAYMENT DUE	\$21,474

* based on Cachuma entitlement, all Member Units

** based on Cachuma entitlement, South Coast Member Units only

excel/SWRCB/SWCRB Water RightsFee 06-07

CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

DATE: January 22, 2007
TO: Board of Directors
FROM: Kate Rees, Interim General Manager
RE: **COMB Water Accounting**

Recommendation:

None at this time. This is for information only.

Discussion:

Two documents are attached for your information. The first is the 1997-2005 Final Melded Rate Calculation. The reconciliation has been refined several times by Janet Gingras, COMB's Administrative Manager, with substantial input and review by the Member Unit Managers. The final formula used was discussed with the Board a few months ago, and the spreadsheet attached reflects overpayments and underpayments made by the Member Units using that formula. The debit or credit reconciliation will be made on the April 2007 bill for the second period water rate payments.

The second document is entitled *Cachuma Project Water Ordering and Reporting Guidelines for Cachuma Operation and Maintenance Board*. For several months, the Member Unit Managers have been developing guidelines for the COMB staff to more consistently and efficiently carry out the water accounting for Cachuma water orders and deliveries. These are only guidelines and do not represent a contract or contract amendment. They are for internal use only to assure that water accounting procedures are consistent from year to year.

Respectfully submitted,



Kate Rees
Interim General Manager

KR.COMB/Admin/board memos/012207_COMB guidelines & melded rates.mmo

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PAGE 1

COMB Member Unit Melded Rate Calculation
 AG Orders vs. AG Actual Sales
 Water Years 1997 - 2005

	Paid Based on Water Orders	If Paid Based on Actual AG Sales	Overpaid / (Underpaid)
1997			
Goleta	545,282.71	543,314.06	1,968.65
SB City	500,224.90	499,986.28	238.63
Montecito	156,025.18	156,568.70	(543.52)
Carpinteria	154,924.38	155,869.04	(944.66)
ID#1	50,640.66	51,359.74	(719.09)
Total	1,407,097.83	1,407,097.83	0.00

1998			
Goleta	560,136.11	564,353.85	(4,217.74)
SB City	513,509.76	509,629.38	3,880.38
Montecito	160,255.26	160,977.14	(721.87)
Carpinteria	165,170.33	163,135.74	2,034.59
ID#1	52,091.69	53,067.05	(975.35)
Total	1,451,163.16	1,451,163.16	0.00

1999			
Goleta	583,753.87	587,371.23	(3,617.37)
SB City	534,995.90	532,000.08	2,995.82
Montecito	167,002.60	167,259.26	(256.66)
Carpinteria	172,174.47	171,072.78	1,101.69
ID#1	55,521.33	55,744.82	(223.49)
Total	1,513,448.17	1,513,448.17	0.00

2000			
Goleta	569,857.86	572,444.04	(2,586.18)
SB City	521,570.26	520,773.86	796.40
Montecito	162,986.69	164,023.07	(1,036.38)
Carpinteria	168,994.96	166,834.67	2,160.29
ID#1	52,791.98	52,126.11	665.87
Total	1,476,201.76	1,476,201.76	0.00

2001			
Goleta	566,373.69	569,741.05	(3,367.36)
SB City	516,730.40	513,301.81	3,428.58
Montecito	161,893.34	162,736.03	(842.69)
Carpinteria	168,278.81	167,515.69	763.12
ID#1	52,741.64	52,723.29	18.35
Total	1,466,017.88	1,466,017.88	0.00

2002			
Goleta	567,088.39	568,195.27	(1,106.88)
SB City	516,165.58	514,942.28	1,223.29
Montecito	162,026.26	162,838.12	(811.86)
Carpinteria	168,804.27	168,350.42	453.86
ID#1	53,022.81	52,781.21	241.59
Total	1,467,107.31	1,467,107.31	0.00

COMB Member Unit Melded Rate Calculation
 AG Orders vs. AG Actual Sales
 Water Years 1997 - 2005

	Paid Based on Water Orders	If Paid Based on Actual AG Sales	Overpaid / (Underpaid)
2003			
Goleta	564,675.10	565,877.36	(1,202.26)
SB City	512,872.84	511,843.13	1,029.71
Montecito	161,272.45	161,638.18	(365.73)
Carpinteria	168,289.55	168,046.43	243.12
ID#1	53,448.25	53,153.09	295.16
Total	1,460,558.19	1,460,558.19	0.00

2004			
Goleta	567,190.94	568,135.63	(944.70)
SB City	513,967.06	513,775.61	191.45
Montecito	161,921.14	162,577.89	(656.76)
Carpinteria	169,260.57	168,907.95	352.61
ID#1	53,513.77	52,456.37	1,057.39
Total	1,465,853.46	1,465,853.46	0.00

2005			
Goleta	562,289.69	564,135.28	(1,845.60)
SB City	508,092.33	506,450.16	1,642.16
Montecito	160,437.86	160,998.41	(560.55)
Carpinteria	168,008.88	167,499.50	509.38
ID#1	49,992.67	49,738.07	254.61
Total	1,448,821.43	1,448,821.43	0.00

Totals			
Goleta	5,086,648.35	5,103,567.78	(16,919.43)
SB City	4,638,129.02	4,622,702.61	15,426.42
Montecito	1,453,820.78	1,459,616.80	(5,796.02)
Carpinteria	1,503,906.23	1,497,232.23	6,674.00
ID#1	473,764.80	473,149.76	615.04
Total	13,156,269.18	13,156,269.18	0.00

Cachuma Operation & Maintenance Board
 Cachuma Project Member Units
 Actual Water Usage
 Water Years 1997 - 2005

1997	Irrigation	M&I	Total	Percentage Irrigation	M&I
Goleta	2,786	5,481	8,267	33%	67%
SB City	-	7,499	7,499		
Montecito	600	2,200	2,800		
Carpinteria	2,581	664	3,245		
ID#1	2,019	632	2,651		
Total	7,986	16,476	24,462		

1998	Irrigation	M&I	Total	Percentage Irrigation	M&I
Goleta	1,941	9,191	11,132	22%	78%
SB City	-	7,238	7,238		
Montecito	396	2,345	2,741		
Carpinteria	1,838	1,182	3,020		
ID#1	1,850	801	2,651		
Total	6,025	20,757	26,782		

1999	Irrigation	M&I	Total	Percentage Irrigation	M&I
Goleta	2,729	10,693	13,422	27%	73%
SB City	-	5,631	5,631		
Montecito	523	2,213	2,736		
Carpinteria	2,251	1,775	4,026		
ID#1	2,226	425	2,651		
Total	7,728	20,738	28,466		

2000	Irrigation	M&I	Total	Percentage Irrigation	M&I
Goleta	2,700	8,122	10,822	24%	76%
SB City	-	10,785	10,785		
Montecito	566	2,693	3,259		
Carpinteria	1,792	1,199	2,991		
ID#1	2,376	275	2,651		
Total	7,434	23,074	30,508		

2001	Irrigation	M&I	Total	Percentage Irrigation	M&I
Goleta	2,330	10,800	13,130	23%	77%
SB City	-	5,961	5,961		
Montecito	373	2,601	2,974		
Carpinteria	1,743	1,807	3,550		
ID#1	2,031	620	2,651		
Total	6,477	21,789	28,266		

2002

Goleta	2,898	8,219	11,117
SB City	-	7,976	7,976
Montecito	480	2,447	2,927
Carpinteria	1,864	1,928	3,792
ID#1	2,188	463	2,651
Total	7,429	21,034	28,463

26% 74%

2003

Goleta	2,488	7,175	9,663
SB City	-	6,660	6,660
Montecito	486	1,972	2,458
Carpinteria	1,497	1,628	3,125
ID#1	1,927	724	2,651
Total	6,398	18,159	24,557

26% 74%

2004

Goleta	3,326	8,660	11,986
SB City	-	7,572	7,572
Montecito	605	2,668	3,273
Carpinteria	1,552	1,538	3,090
ID#1	2,586	65	2,651
Total	8,069	20,503	28,572

28% 72%

2005

Goleta	2,290	8,950	11,240
SB City	-	8,785	8,785
Montecito	400	2,454	2,854
Carpinteria	1,668	1,642	3,310
ID#1	1,864	787	2,651
Total	6,221	22,619	28,840

22% 78%

9 year average

26% 74%

Cachuma Project Water Ordering and Reporting
Guidelines for Cachuma Operation and Maintenance Board
December 2006

These guidelines are established by the Cachuma Operation and Maintenance Board (COMB) for the purpose of consistency and simplicity in ordering water and reporting actual water deliveries to the Bureau of Reclamation (Reclamation) under the Cachuma Renewal Master Contract I75r-1802R between Reclamation and the Santa Barbara County Water Agency (SBCWA), and the Member Unit contracts with the SBCWA.

These are only guidelines, and do not represent a contract or contract amendment. It is recognized that individual Member Unit circumstances are unique and vary from year to year. Therefore, no set of guidelines will fit all cases. Their purpose is to assist the Member Units and COMB in discharging the responsibilities under the federal Renewal Master Contract and Member Unit contracts, and to ensure full benefit of the contract provisions for all.

Definition of Irrigation Water

For COMB accounting purposes only, Irrigation water shall be defined as the amount of Cachuma water delivered to eligible agricultural customers, with no reduction in that amount due to system losses, unaccounted-for water, evaporation or spill of Project water.

Ordering of Water

The Member Units will order their full Cachuma entitlements each year. All water will be ordered every year in advance of the water year (October 1 – Sept 30). For Member Units ordering Irrigation water, it is suggested that such water be ordered based upon a 5-year running average of agricultural customer sales for each water year.

Delivery and Reporting of Water

The Member Units will report to COMB each month the actual amount of Irrigation water delivered for the previous month. For accounting purposes, COMB will use its metered water use reports for each Member Unit to calculate the amount of M&I water used each month by subtracting the amount of Irrigation water delivered from the total amount of Cachuma water used. Annual reporting will be done prior to the 31st of October following the September 30th end of the previous water year. COMB will report to the SBCWA and Reclamation the actual water deliveries for both M&I and Irrigation water on a total Project basis as reported to them by the Member Units.

Melded Rates

Reclamation recalculates the Cachuma water rates each year to assure that the remaining capital cost of the Cachuma Project is paid off by 2015, as provided in the Renewal Master Contract. Because less of the irrigation component of the capital cost of the Project was paid off during the 40-year term of the original Master Contract, Reclamation's irrigation water rate in the Renewal Master Contract is substantially higher than the M&I water. To accomplish an internal adjustment is needed to make water rates equitable to both Irrigation and M&I users, and to minimize the total interest charges, the Member Units developed "melded rates" whereby the historic interest free use of the Project for irrigation is continued and the remainder of the required annual payment is covered by M&I water charges.

The melded rates will be calculated and billed to the Member Units using the percentage of Irrigation and M&I water ordered, considering the total capital debt remaining on the Project and the annual payments required by Reclamation under the Mid Pacific Region's rate setting policy. These values will be used by COMB to determine the initial melded rates on an annual basis.

Once the water year is complete, COMB will recalculate the melded rates using the percentage distribution of Irrigation and M&I water actually used. (See example on Page 3 below) The dollar differences for each Member Unit will then be applied as a credit or charge against the 2nd period water rates billing cycle each April. This adjustment will make whole the differences between Member Units that might occur due to the computation of internal melded rates based on water orders.

Cachuma Project Melded Rates for Water Year 2005

2005 Order vs. Sales

		Orders			Payments		
		Total	Irrigation	M&I	Irrigation	M&I	Total
Goleta	36.25%	9,321	2858	6,463	\$ 165,548	\$ 396,742	\$ 562,290
SB City	32.19%	8,277	0	8,277	\$ -	\$ 508,092	\$ 508,092
Montecito	10.31%	2,651	664	1,987	\$ 38,462	\$ 121,976	\$ 160,438
Carpinteria	10.94%	2,813	1350	1,463	\$ 78,198	\$ 89,811	\$ 168,009
ID#1	10.31%	2,651	1657	994	\$ 30,602	\$ 19,391	\$ 49,993
Total		25,714	6,529	19,185	\$ 312,809	\$ 1,136,012	\$ 1,448,821

Storage % 25% 75%
 Conveyance % 21% 79% 1.08 System Losses

		Actual Ag Sales					
		Total	Irrigation	M&I			
Goleta	36.25%	11,240	2,290	8,950			
SB City	32.19%	8,785	-	8,785			
Montecito	10.31%	2,854	400	2,454			
Carpinteria	10.94%	3,310	1,668	1,642			
ID#1	10.31%	2,651	1,864	787			
Total		28,840	6,221	22,619			

Storage % 22% 78%
 Conveyance % 19% 81%

		Based on actual Ag usage %					Difference
		Total	Irrigation	M&I	Irrigation	M&I	
Goleta	36.25%	9,321	1,899	7,423	\$ 109,985	\$ 454,151	\$ 564,135
SB City	32.19%	8,277	-	8,277	\$ -	\$ 506,450	\$ 506,450
Montecito	10.31%	2,651	371	2,280	\$ 21,501	\$ 139,497	\$ 160,998
Carpinteria	10.94%	2,813	1,417	1,396	\$ 82,090	\$ 85,409	\$ 167,499
ID#1	10.31%	2,651	1,864	787	\$ 34,427	\$ 15,311	\$ 49,738
Total		25,714	5,551	20,163	\$ 248,003	\$ 1,200,818	\$ 1,448,821

22% 78%
 16% 84%

Ag	M&I	
20.37%	79.63%	100.00%
0.00%	100.00%	100.00%
14.00%	86.00%	100.00%
50.38%	49.62%	100.00%
70.32%	29.68%	100.00%

1	Total Yield (storage in AF)	25,714
2	South Coast Yield (conveyance in AF)	23,063
	Storage Irrigation%	25%
	Storage M&I%	75%
3	Convc Irrigation %	21%
4	Conveyance M&I%	79%

	Irrigation	M&I	Total	
6	Amount to be repaid	\$ 8,403,054	\$ 6,830,450	\$ 15,233,504
7	Storage	\$ 2,881,515	\$ 2,342,250	\$ 5,223,765
8	Conveyance	\$ 5,521,539	\$ 4,488,200	\$ 10,009,739

M&I W/3.0%
 \$ 2,784,568
 \$ 5,335,805
 \$ 8,120,393

Reclamation Rates		
11	Repayment	11 years @ 3%

12	Annual Payment Amounts			Internal Rates	253,144.36	485,073.18	Phase I Surcharge \$\$		
13	Storage	\$ 261,956	\$ 253,144					\$ 515,100	
14	Conveyance	\$ 501,958	\$ 485,073					\$ 987,031	
15	Total	\$ 763,914	\$ 738,218	\$ 1,502,132			\$ 53,310		
16	Melded Water Rates			Based on Orders					
17	Water Rates							Irrigation	M&I
18	Storage	40.12	13.19					\$ 18.47	\$ 19.51
19	Conveyance	103.03	26.67	\$ 39.46	\$ 41.88				
	Total	143.15	39.86	\$ 57.92	\$ 61.38				

Total Payments			
Storage	\$ 120,578	\$ 374,221	\$ 494,799
Conveyance	\$ 192,231	\$ 761,791	\$ 954,022
Total	\$ 312,809	\$ 1,136,012	\$ 1,448,821

Melded Water Rates	
Irrigation	M&I
\$ 18.47	\$ 19.46
\$ 39.46	\$ 41.73
\$ 57.92	\$ 61.19

Based on Actual Ag Sales

Assumptions:

- Total water used for each M/U based on COMB Melded Use Report less purchased plus sold water.
- Actual Ag sales produced from each M/U records.
- M&I actual water used derived by subtracting Actual Ag sales from Total Water Used.
- 8% system losses accounted for in recording of Actual Ag sales.

Final December 2006

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Shortages

In times of drought when Project storage drops below 100,000 acre feet, the Member Units may take shortages by ordering less than their full Cachuma entitlement. Reclamation will calculate the Cachuma water rates for that water year using this reduced amount so that full payment for the water year in which shortages are taken is still made in order to fully pay off the capital cost of the Project by 2015. This results in higher water rates for that year. Reclamation will not recalculate the water rates or payments due if it is later determined that there is unexpected water available later in the water year.

Carryover Water

COMB will calculate any carryover water as Project water. Carryover water will not be characterized as Irrigation or M&I water because Irrigation water cannot be determined until it is sold.

Surplus Spill Water

COMB will notify each Member Unit of the availability of surplus spill water, as determined by Reclamation, each year Lake Cachuma spills. COMB will report how much Irrigation and M&I water was delivered during each month of the spill event based on actual deliveries reported to COMB by each Member Unit.

CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

DATE: January 22, 2007
TO: Board of Directors
FROM: Kate Rees, Interim General Manager
RE: Mid-Year COMB 2006-07 Budget Status

RECOMMENDATION:

None requested. This report is for information only.

DISCUSSION:

Attached is a summary spread sheet showing the approved tasks, the budgeted amounts, and the amount expended through December 31, 2006 for each item. For detailed information, please refer to the Profit & Loss Budget versus Actual Report under the Payment of Claims item in your Board package (Item 4c).

Respectfully submitted,



Kate Rees
Interim General Manager

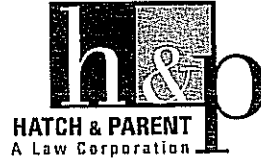
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CACHUMA OPERATION & MAINTENANCE BOARD
2006 - 2007
MID-YEAR BUDGET STATUS

ITEM	Budget as of 12/31/06	Expended Thru 12/31/06	Budget Balance	Percent of Budget
OPERATION & MAINTENANCE				
Labor	705,332	325,131	380,201	46%
Vehicles & Equipment	118,000	26,359	91,641	22%
Contract Labor	95,000	36,953	58,047	39%
Materials & Supplies	50,000	14,195	35,805	28%
Misc Expenses - Communications, Uniforms, etc.	47,990	22,484	25,506	47%
GENERAL & ADMINISTRATIVE				
Integrated Regional Water Management Plan	499,019	273,372	225,647	55%
	10,000	5,000	5,000	50%
SPECIAL PROJECTS				
Scada	60,000	6,452	53,548	11%
Bldg/Grounds Repair	50,000	43,240	6,760	86%
SCC Improvement Plan & Design	300,000	20,107	279,893	7%
SCC Valve & Control Station Rehabilitation	600,000	30,793	569,207	5%
SCC Structure Rehabilitation	400,000	42,836	357,164	11%
GIS and Mapping	100,000	14,337	85,663	14%
STORM DAMAGE				
	100,000	6,856	93,144	7%
LEGAL & LITIGATION				
Special Counsel - FMP-BO EIS/EIR	100,000	66,197	33,803	66%
TOTALS	\$ 3,235,341	\$ 934,314	\$ 2,301,027	29%

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Gary M. Kvistad
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GKvistad@HatchParent.com

January 16, 2007

William Hair, Esq.
Nordman, Cormany, Hair & Compton
1000 Town Center Drive, 6th Floor
Oxnard, CA 93030

Re: COMB/USBR Lauro Dam SOD Contract

Dear Mr. Hair:

We are writing in response to your proposed resolution confirming that the Santa Ynez River Water Conservation District, Improvement District No. 1 ("District") will not be held liable for the Cachuma Operations and Maintenance Board's ("COMB") obligations with respect to the Lauro Dam and Reservoir (Lauro Dam) contract with the United States ("Lauro Contract"). For the reasons set forth herein, we believe entering into an indemnification agreement is the appropriate method of establishing the parties' obligations.

The proposed resolution notes that the District - the only Santa Ynez Valley member of COMB - receives no benefit from the Lauro Contract. As such, the other member entities recognize that the District should not be obligated to contribute towards any of COMB's obligations under the Lauro Contract.

Several types of obligations arise under the Lauro Contract and under the law governing joint powers authorities ("JPAs"). The first type of obligation is the member agency's duty to pay the debts of the JPA. Under California law regulating JPAs, member entities of a JPA are liable for the contracts and debts of the JPA unless the JPA agreement specifically provides otherwise. (*See*, Gov't Code 6508.1; *Tucker Land Co. v. California* (2001) 94 Cal. App. 4th 1191, 1197 [upholding the plain meaning of Section 6508.1 and imposing no liability on member agencies where JPA specified they were not responsible for the debts of the JPA].) COMB's 1996 JPA agreement, at Sections 1.2 and 3.5(e), authorizes COMB to incur debt, liability and obligations in its own name and makes clear that doing so does not constitute the debts, liabilities, or obligations of the member agencies. Thus, the District is not directly liable for repaying the Lauro Contract.

While no further writing outside of the provisions existing in the JPA is necessary to disclaim the above obligation, the allocation of liability between the COMB members remains unsettled. The District has a general obligation as a member to contribute its pro-rata portion of COMB's debts. An agreement would be necessary to clarify that this general obligation is inapplicable to the District with respect to Lauro Dam. It is clear from the JPA that COMB has

the authority to modify the portions of payments that each member unit makes. (*See*, Article 1.1 [parties to JPA may agree to limit member units contributions of funds]; Article 4.2 [parties shall divide and pay the operations and maintenance costs according to their use of the facilities and their participation in the benefit thereof].) To achieve the agreed result, that all of the member agencies have already acknowledged as appropriate, the member agencies must enter into a separate agreement.

Another type of obligation is the member agency's responsibility for torts. Public entities that have joined under a JPA to perform some function, service or act are jointly and severally liable to injured persons if a tort is committed in performance of that function. (Gov't Code §§ 895; 895.2.) As a member of COMB, the District would be jointly and severally liable (up to its pro-rata proportion), as a member of COMB, if a financial or other liability were incurred with respect to Lauro Dam. However, the member entities can allocate among themselves the ultimate liability by providing for contribution and indemnification. (Gov't Code 895.4.) To avoid this liability with respect to the Lauro Project, and in particular the Lauro Contract, the District requires an indemnification agreement with COMB's member agencies.

You have proposed a resolution to demonstrate that the District will not be liable for COMB's obligations under the Lauro Contract. Resolutions typically constitute an expression of policy or opinion concerning some particular item of administrative business of the government entity. (*See e.g., Sausalito v. County of Marin*, 12 Cal. App. 3d 550, 565-66 (1970).) Resolutions are temporary in nature and remain in effect only until the resolution expires on its own terms or is modified or revoked by a subsequent resolution or action. (*See*, Am.Jur 2d §371; *McQuillin on Municipal Corporations* §15.2.) Thus, by its very nature the use of a resolution shows that COMB does not intend to create binding contractual rights that are enforceable in perpetuity. In other words, the resolution could be changed by a majority vote at any time. In addition, the proposed resolution does not indemnify the District for liability with respect to financial obligations and torts. For those reasons, we believe that an indemnification agreement is the appropriate vehicle to protect the District from financial and tort liability for the Lauro Contract and Lauro Dam Project. (*See, San Joaquin County v. Stockton Swim Club* 42 Cal.App.3d 968 (1974) [finding JPAs have the authority to enter into hold-harmless agreements as necessary].)

In analyzing this issue, it has become apparent that COMB's initial authorization of the Lauro Contract did not meet the requirements of COMB's 1996 JPA. Section 1.3(h)(iv) thereof requires the unanimous consent of all of the parties for the Board to take action on the "issuance of bonds, notes, letters of credit or other forms of indebtedness in excess of one million (\$1,000,000.00) dollars." JPA also provides that:

A decision of the Cachuma Maintenance Operating Board authorizing a capital expenditure in excess of one million dollars or incurring an indebtedness or obligation in excess of one million dollars shall not be effective unless it has been ratified by a resolution approved by all of the parties.

Mr. William Hair
January 16, 2007
Page 3

(Section 1.3(i).) The Lauro Contract causes COMB to incur an obligation in excess of one million dollars. However, when the Board took action, it did not receive unanimous consent of all of the parties, nor did all of the parties ratify the action in a resolution. The District's representative was not present at the COMB Board meeting when this vote took place. As such, COMB's approval of the Lauro Contract is currently ineffective and must be reauthorized and, this time, it must receive unanimous consent. The District is willing to consent to the reauthorization of the Lauro Contract, contingent upon COMB and its members entering into an indemnification agreement.

The District's proposed indemnification agreement clarifying the District's exemption from liability under the Lauro Contract/Lauro Dam is enclosed for your review. We suggest that the COMB Board consider reauthorizing (ratifying) the Lauro Contract, which action must be contingent upon approval of the attached indemnification agreement. If you have any further questions, please do not hesitate to call.

Sincerely,



Gary M. Kvistad
For HATCH & PARENT
A Law Corporation

GMK:aar

cc: Chris Dahlstrom
Kate Rees

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is entered into this _____ day of _____, 2007, in the County of Santa Barbara, by and between the Cachuma Operations and Maintenance Board, a joint powers authority ("COMB"), Goleta Water District, City of Santa Barbara, Montecito Water District, Carpinteria Valley Water District and the Santa Ynez River Water Conservation District, Improvement District No. 1 ("ID#1"), with reference to the following facts and intentions:

A. COMB has entered into or intends to enter into Contract No. 05-WC-20-2923 with the United States of America obligating COMB to repay to the United States of America a percentage of the funds expended by the United States of America in carrying out certain modifications to the Lauro Dam and Reservoir ("Lauro Dam Project") under the Federal Safety of Dams Act ("Lauro Contract");

B. Lauro Dam and Reservoir is operated and maintained for the benefit of the four south coast members of COMB: Goleta Water District, City of Santa Barbara, Montecito Water District and Carpinteria Valley Water District ("South Coast Members");

C. The 1996 Amended and Restated Agreement for the Establishment of a Board of Control to Operate and Maintain the Cachuma Project – Cachuma Operations and Maintenance Board ("COMB Agreement") provides that each party's obligation for Cachuma Project operations and maintenance costs is expressly limited to the amount determined by its members;

D. Under the COMB Agreement the member units divide and pay the operations and maintenance costs according to their proportionate use of and benefit from the facilities;

E. ID#1, receives no benefit from the Lauro Contract or from the operation of the Lauro Dam and Reservoir; and

F. The members of COMB and the COMB Board have determined and agree that ID#1 should not be obligated to pay any part of the obligations under Lauro Contract or otherwise be held responsible for the Lauro Dam Project.

NOW, THEREFORE, the parties agree as follows:

1. Allocation.

The parties agree, notwithstanding the general provisions of the COMB Agreement, that the South Coast Members shall be solely responsible for all of COMB's obligations, debts and liabilities related to the Lauro Dam Project including, but not limited to, the Lauro Contract, and that ID#1 shall not have any such responsibility or obligation.

2. Indemnification

To the maximum extent allowed by law, COMB hereby covenants and agrees, at the South Coast Members' sole and exclusive cost and expense, to defend, indemnify and hold

harmless ID#1, its officers, directors, agents and employees, from and against any and all damages, liabilities, claims, demands, actions, causes of action, attorneys' fees, expert witnesses fees, and all other costs and expenses of any kind or nature that arise out of or in any way relate to the Lauro Contract and/or the Lauro Dam Project. In the event of a court challenge to the legality or applicability of this indemnity provision, the parties agree that this indemnification provision shall be interpreted in favor of ID#1 and that ID#1 shall be afforded the maximum degree of indemnification as may be reasonably inferable from the language of this provision as available at law.

ID #1 shall notify COMB of the existence of any claim, demand, or other matter to which COMB's indemnification obligations would apply and shall give COMB a reasonable opportunity to defend the same at COMB's expense with counsel of COMB's own selection, subject to ID#1's reasonable approval. ID#1 may, at all times, participate in the defense at COMB's own expense. If COMB, within a reasonable time after written notice, fails to defend, ID#1 shall have the right, but not the obligation, to undertake the defense of, and to compromise our settlement (exercising reasonable business judgment), any claim or other matter on behalf, for the account, and at the risk of COMB and the South Coast Members.

3. **Notices.** All notices, approvals, acceptances, demands and other communications required or permitted under this Agreement, to be effective, shall be in writing and shall be delivered in person or by U.S. mail (postage prepaid, certified, return receipt requested) or by Federal Express or other similar overnight delivery service to the party to whom the notice is directed at the address of such party as maintained by COMB. Any written communication given by mail shall be deemed delivered two (2) business days after such mailing date and any written communication given by overnight delivery service shall be deemed delivered one (1) business day after the dispatch date. Either party may change its address by giving the other party written notice of its new address as provided above.

4. **Other Instruments.** The parties shall, whenever and as often as reasonably requested by the other party, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered any and all documents and instruments as may be necessary, expedient or proper in the reasonable opinion of the requesting party to carry out the intent and purposes of this Agreement, provided that the requesting party shall bear the cost and expense of such further instruments or documents (except that each party shall bear its own attorneys' fees).

5. **Construction.** The provisions of this Agreement should be liberally construed to effectuate its purposes. The language of this Agreement shall be construed simply according to its plain meaning and shall not be construed for or against either party, as each party has participated in the drafting of this Agreement and had the opportunity to have their counsel review it. Whenever the context and construction so requires, all words used in the singular shall be deemed to be used in the plural, all masculine shall include the feminine and neuter, and vice versa.

6. **Severability.** If any term, provision, covenant or condition of this Agreement shall be or become illegal, null, void or against public policy, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected, impaired or invalidated

thereby. The term, provision, covenant or condition that is so invalidated, voided or held to be unenforceable shall be modified or changed by the parties to the extent possible to carry out the intentions and directives stated in this Agreement.

7. **Successors and Assigns.** This Agreement shall be binding on and shall inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns.

8. **Waiver.** No waiver of any provision or consent to any action shall constitute a waiver of any other provision or consent to any other action, whether or not similar. No waiver or consent shall constitute a continuing waiver or consent or commit a party to provide a waiver in the future except to the extent specifically stated in writing. Any waiver given by a party shall be null and void if the party requesting such waiver has not provided a full and complete disclosure of all material facts relevant to the waiver requested. No waiver shall be binding unless executed in writing by the party making the waiver.

9. **Governing Law.** The validity and interpretation of this Agreement shall be governed by the laws of the State of California without giving effect to the principles of conflict of laws, with venue for all purposes proper only in the County of Santa Barbara, State of California.

10. **Counterparts.** This Agreement may be executed in several counterparts, each of which will be deemed an original but all of which will constitute one and the same instrument. However, in making proof hereof, it will be necessary to produce only one copy hereof signed by the party to be charged.

11. **Joint and Several.** COMB and the South Coast Members shall be jointly and severally responsible for the obligations under this Agreement. This Agreement may be enforced by ID#1 against either COMB or the South Coast Members separately or against them jointly.

12. **Attorneys' Fees.** If any action at law or equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to recover actual attorneys' fees and costs which may be determined by the court in the same action or in a separate action brought for that purpose. The attorneys' fees and costs to be awarded shall be made to fully reimburse for all attorneys' fees, paralegal fees, costs and expenses actually incurred in good faith, regardless of the size of the judgment, it being the intention of the parties to fully compensate for all attorneys' fees, paralegal fees, costs and expenses paid or incurred in good faith.

13. **Authorizations.** All individuals executing this Agreement and other documents on behalf of the respective parties certify and warrant that they have the capacity and have been duly authorized to so execute the documents on behalf of the entity so indicated. Each signatory shall also indemnify the other parties to this Agreement, and hold them harmless, from any and all damages, costs, attorneys' fees and costs and other expenses, if the signatory is not so authorized.

14. **Entire Agreement and Amendment.** This Agreement contains the entire understanding and agreement of the parties and there have been no promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature binding except as stated in this Agreement. This Agreement may be altered, amended or

modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their right to claim, contest or assert that this Agreement was modified, canceled, superseded or changed by any oral agreement, course of conduct, waiver or estoppel.

**SANTA YNEZ RIVER WATER
CONSERVATION DISTRICT
IMPROVEMENT DISTRICT NO. 1:**

President

ATTEST:

Secretary

GOLETA WATER DISTRICT:

President

ATTEST:

Secretary

**CARPINTERIA VALLEY WATER
DISTRICT:**

President

**CACHUMA OPERATIONS AND
MAINTENANCE BOARD:**

President

ATTEST:

Secretary

CITY OF SANTA BARBARA:

President

ATTEST:

Secretary

MONTECITO WATER DISTRICT:

President

ATTEST:

Secretary

ATTEST:

Secretary

TRUSTEES:

DIVISION 1 — LOS OLIVOS

Harlan J. Burchardi

DIVISION 2 — SOLVANG

David Jamieson

DIVISION 3 — SOLVANG

Lee F. Bettencourt

DIVISION 4 — SANTA YNEZ

Harry F. Poor

TRUSTEE-AT-LARGE

Matthew Loudon

TRUSTEES:

DIVISION 1 — LOS OLIVOS

CHRIS DAHLSTROM

Manager/Secretary

**SANTA YNEZ RIVER
WATER CONSERVATION DISTRICT**

IMPROVEMENT DISTRICT NO. 1

P.O. BOX 157 • 3622 SAGUNTO STREET
SANTA YNEZ, CALIFORNIA 93460

TEL: (805) 688-6015 • FAX: (805) 688-3078

HATCH & PARENT

A Law Corporation

General Counsel

RECEIVED

JAN 10 2007

CACHUMA BOARD

December 19, 2006

Board of Directors
Cachuma Operations and Maintenance Board
3301 Laurel Canyon Road
Santa Barbara, CA 93101

Board of Directors
Cachuma Conservation and Release Board
P.O. Box 5037
Santa Barbara, CA 93150

Re: COMB/CCRB Proposed Reorganization

Dear Ladies and Gentlemen:

Matt Loudon and I recently met with our General Manager, Chris Dahlstrom, to receive an update from the November 27th managers and attorneys meeting with Mr. Jostes concerning the reorganization. We were pleased that the two agency alternative was finally discussed, as previously directed by both the CCRB and COMB Boards of Directors. Unfortunately, there were some troubling aspects of that meeting.

First, we do not understand why two attorneys from COMB's general counsel firm, Mr. Hair and Mr. Trembley, were present at the meeting. It seems that one attorney would have been more than sufficient for the meeting. They are not active participants and merely there to respond to questions about legal aspects of the reorganization related to COMB. In fact, at this meeting, nothing substantive was raised that even required legal input from them. Their presence at the meeting cost COMB (its members) an additional and unnecessary expense of at least one attorney attending a 3 hour meeting plus 1-1/2 to 2 hours travel time. It seems that at a time when many member agencies are raising issues concerning COMB and CCRB costs with respect to which reorganization alternative is best, everyone should be paying closer attention to the operations now and not just after the reorganization, if it occurs at all. In the future, it is the ID No.1 Board's on-going opinion that this reorganization only involve COMB's general counsel at meetings when it is anticipated that his legal input will be needed for COMB matters.

More disconcerting was a disparaging remark made by Mr. Hair about the ID No. 1. Mr. Hair referred to the District as the "White Elephant" in the room that was causing significant

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problems with the reorganization process. This is the second time his remark has been expressed which was done previously at a joint COMB/CCRB Board meeting. This Board takes great exception to Mr. Hair's comment. ID No.1 has been a member of COMB since its inception and contributed significantly to the success of COMB and its goals and objectives. After hearing this comment, the District has grave reservations about the impartiality of Mr. Hair and his firm. Mr. Hair represents COMB, the agency, and not any individual member agency. He should not be expressing any views in favor or against any member agency. Any disagreement between the individual member agencies must be resolved between the involved agencies. Mr. Hair, in his apparent favoring of the other member agencies over the ID No.1, bring to question his conduct and representation of COMB.

ID No.1 must have this issue addressed at the next COMB Board meeting and will seek legal advise from our counsel as to the Rules of Professional Conduct. At the very least, the ID No.1 expects to receive a written apology from Mr. Hair as well as confirmation that his firm only represents COMB, the agency, and that his firm is neutrality with respect to matters that may arise between the member agencies.

Thank you for your consideration of this matter.

Sincerely,



Harlan Burchardi, President

Santa Ynez River Water Conservation District, ID #1

WILLIAM H. HAIR
ROBERT L. COMPTON
MARC L. CHARNEY
RONALD H. GILL
BRY L. HINES
KENNETH M. HIGH, JR.
MICHAEL C. O'BRIEN
RANDALL H. GEORGE
PAUL W. KURZEKA
ANTHONY M. TREMBLEY
JONATHAN FRABER (OHT)
WILLIAM E. WINFIELD
CHRISTOPHER K. KITASAKI
SCOTT B. SAMSKY
GLENN J. DICKINSON
NANCY MILLER
JOEL MARY
DIANE L. BECKER
MARIA L. CAPRITTO
NANCY KIERSTYN SCHREINER
SUSAN M. DEEMILLER
KAREN L. GABLER
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January 12, 2007

Harlan Burchardi
President
Santa Ynez River Water Conservation District
Improvement District No. 1
P.O. Box 157
3622 Sagunto Street
Santa Ynez, CA 93460

Re: Your letter dated December 19, 2006

Dear Mr. Burchardi:

Your letter of December 19, 2006 was apparently received by the Cachuma Operation and Maintenance Board (COMB) on January 10, 2007 and forwarded to me as General Counsel of COMB. I am responding to you as authorized by Rule 2-100(C)(1) of the California Rules of Professional Conduct.

First, in regard to my partner, Mr. Trembley, attending the November 27, 2006 Managers' and Attorneys' meeting, it was for the purpose of insuring that Mr. Trembley would be up to speed on the reorganization issues in anticipation of my planned absence during a substantial part of December, particularly should any document drafting be necessary. COMB is not being charged for both of our time in attending this meeting.

In regard to my remarks regarding an "elephant in the room", I have on two occasions during the reorganization discussions observed that there seemed to be "an elephant in the room" that no one seemed to be inclined to notice or discuss.

What this commonly used euphemism is intended to point out is that there is an issue or issues that no one seems to want to recognize and discuss - the issue in

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Harlan Burchardi
January 12, 2007
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the case of the reorganization discussion being whether COMB/CCRB should continue to exist at all.

I have never singled out ID #1, or for that matter any of the member units of COMB, and have never referred to it as a "white elephant" or for that matter any other kind of animal.

I have practiced municipal law for more than 46 years, and I am fully aware, that in this case, COMB, the separate joint powers agency is my client, and not any of the five individual member units. My representation of COMB has been, and will continue to be, guided by Rule 3-600 of the California Rules of Professional Conduct.

If my remarks were misunderstood by any representatives of any member unit and particularly by representatives of ID #1, I apologize if this misunderstanding caused any upset.

Very truly yours,

NORDMAN CORMANY HAIR & COMPTON LLP



William H. Hair

WHH:rjh

cc: Board of Directors - COMB
Board of Directors - CCRB

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