

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

CACHUMA OPERATION AND MAINTENANCE BOARD

MONDAY,
February 27, 2006
Approximate Start Time

3:15 P.M.

AGENDA

1. COMB CALL TO ORDER, ROLL CALL. (COMB Board of Directors.) *(1 minute)*.
2. RESOLUTION NO. 433 COMMENDATION FOR GENERAL MANAGER ROBERT E. WIGNOT UPON HIS RETIREMENT. (To be presented at the Board meeting.) (For Board action.) *(5 minutes)*
3. BREAK *(15 minutes)*
4. [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. *(10 minutes)*
5. 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)*
6. CONSENT AGENDA. (For Board Action by Vote on One Motion Unless Member Requests Separate Consideration.) *(3 minutes)*
 - a. Minutes of January 23, 2006 Regular Board Meeting and February 6, 2006 Special Joint COMB/CCRB Board Meeting
 - b. Reports from the Manager
 - Water Storage
 - Water Production & Use, SWP Accounting
 - Operations Report
 - Financial Reports
 - Investment Reports
 - c. Payment of Claims
7. APPOINTMENT OF NEW OFFICERS AND JPIA ALTERNATE REPRESENTATIVE (For Board Action.) *(2 minutes)*

- a. Appointment of Secretary, Treasurer and Auditor/Controller
 - b. Appointment of ACWA/JPIA Alternate Representative
 - c. Appointment of Administrative Manager as Alternate Secretary of the Board
8. RESOLUTIONS RELATING TO COMB FUND ACCOUNTS (For Board action.) *(5 minutes)*
- a. Resolution No. 434 Establishing a Supplemental Account Agreement for Telephone Transfers
 - b. Resolution No. 435 Authorizing Signatories for Revolving Fund Account at Santa Barbara Bank & Trust
 - c. Resolution NO. 436 Authorizing Investment of Monies in the Local Agency Investment Fund
 - d. Resolution No. 437 Authorizing Signatories for General Fund Account at Santa Barbara Bank & Trust
 - e. Resolution No. 438 Authorizing Signatories for the Cachuma Project Trust Fund and Renewal Fund Accounts at Washington Mutual
9. REPORT FROM THE AUDITOR FOR FISCAL YEAR 2004-05(For Board action.) *(10 minutes)*
10. REPORT FROM COMB STRATEGIC PLANNING AD HOC COMMITTEE. (For Board action.) *(10 minutes)*
11. **VERBAL REPORT**- CACHUMA RESERVOIR CURRENT CONDITIONS (For information.) *(2 minutes)*
12. **VERBAL REPORT** - LAURO DAM SEISMIC SAFETY MODIFICATIONS PROJECT. (For information.) *(2 minutes)*
13. **VERBAL REPORT** - PROPOSED RESIDENTIAL DEVELOPMENT IN THE LAURO RESERVOIR WATERSHED AT 1560 SAN ROQUE ROAD. (For information.) *(2 minute)*
14. REPORT ON BUREAU OF RECLAMATION'S MID-PACIFIC WATER USERS' CONFERENCE AND MEETINGS WITH KIRK RODGERS, REGIONAL DIRECTOR, AND FISH AND WILDLIFE SERVICE. (For information.) *(10 minutes)*
15. RESOLUTION NO. 439 IN SUPPORT OF 2006 WATER BOND. (See CCRB Item No. 8.) (For Board action.) *(5 minutes)*
16. SCHEDULING OF TOUR FOR BOARD OF DIRECTORS TO REVIEW THE CACHUMA PROJECT SOUTH COAST FACILITIES. SUGGESTED DATES: MARCH 16, 22, 23 OR 30, 2006. (See CCRB Item No. 12 Joint Board memo.) (For Board action.) *(5 minutes)*

17. DESIGN AND ENVIRONMENTAL SERVICES FOR 2ND BARREL OF SOUTH COAST CONDUIT – BOYLE ENGINEERING (For Board action.) *(20 minutes)*
18. REQUESTS FROM DIRECTORS FOR ITEMS TO BE INCLUDED ON NEXT AGENDA. (Next Regular Meeting: March 27, 2006 following the CCRB meeting.) *(3 minutes)*
19. 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.]

**CACHUMA OPERATION & MAINTENANCE BOARD
MEMORANDUM**

February 27, 2006

TO: MEMBERS OF THE BOARD OF DIRECTORS

**FROM: KATE REES, INTERIM GENERAL MANAGER
AND COMB AND CCRB STAFF**

**RE: RESOLUTION NO. 433 ROBERT E. WIGNOT RETIREMENT
COMMENDATION**

RECOMMENDATION:

It is recommended that the Board of Directors approve Resolution No. 433 commending Robert E. Wignot upon his retirement as General Manager from the Cachuma Operation and Maintenance Board.

DISCUSSION:

Bob Wignot will be retiring from his position as General Manager effective February 24, 2006. He has held this position for 16 years and during that time has guided the organization into a modern, efficiently run water supply agency providing water from Lake Cachuma to the South Coast of Santa Barbara County and, until 1991, also to the Santa Ynez Valley.

Bob was also General Manager of the Central Coast Water Agency during the first year of that agency's existence as well as Executive Director of the Cachuma Project Authority. In that capacity he successfully negotiated a long-term renewal contract on behalf of the Member Units with the Bureau of Reclamation in 1995 resulting in a secure water supply from the Cachuma Project for many years to come.

Bob's contributions to COMB are too numerous to list, but a few are worth mentioning here. He has been in charge of managing countless engineering projects along the South Coast Conduit to assure a safe and reliable water supply. He has diligently provided water accounting for Cachuma Project water and State Water Project water, and kept a careful watch over Reclamation's annual budget to assure that costs to the Member Units were kept as low as possible. He provided managerial oversight for the \$42,000,000 plus Bradbury Dam Seismic Strengthening Project, completed a multi million dollar project involving painting and resealing the Bradbury Dam radial gates and installation of gate extensions to allow additional water releases for endangered steelhead, carried out substantial repairs to the South Coast Conduit caused by the El Nino storms in the mid and late 1990s, developed a long-term capital improvement plan for our aging

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infrastructure, and has consistently provided Reclamation and the Member Units his in depth and often innovative engineering solutions to difficult problems.

His broad, institutional knowledge will be sorely missed by COMB, CCRB and all the Member Unit Boards. But his friendly smile and personal greetings will also be missed by the entire staff. We wish Bob well in all of his future endeavors and a heart felt congratulations on his retirement.

COMB/resolutions/Res No. 433 Bob Wignot commendation_022706

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RESOLUTION NO. 433

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE CACHUMA OPERATION AND MAINTENANCE BOARD
EXPRESSING APPRECIATION AND THANKS FOR THE COMMITMENT AND
SERVICE OF

ROBERT E. WIGNOT

WHEREAS, Robert Wignot has served as General Manager of the Cachuma Operation and Maintenance Board for sixteen years since February 26, 1990, and is retiring from that position effective February 26, 2006; and

WHEREAS, Bob has been dedicated to COMB and, through his hard work and concentrated efforts, achieved many important improvements to the South Coast Conduit that delivers water to Santa Barbara County's South Coast. He has long been recognized as an outstanding engineer, and has effectively coordinated these improvements and other projects with the U. S. Bureau of Reclamation and the Cachuma Member Units; and

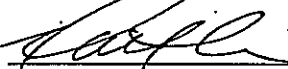
WHEREAS, Bob Wignot provided exemplary service during the latter part of the drought years 1984-92, when Lake Cachuma was drawn down to about 15 percent of its capacity, and Bob and his staff installed and operated barge and pumping facilities to allow continued deliveries of Cachuma water to COMB's South Coast residents. Bob earned a special commendation from the COMB Board of Directors for that outstanding effort; and

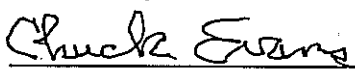
WHEREAS, Bob also served as Executive Director of the Cachuma Project Authority from 1993 to 1996, and successfully negotiated a long-term Cachuma Project Renewal Master Contract with the Bureau of Reclamation; and


WHEREAS, Bob is personable and considers public outreach important in his role as General Manager of COMB, and he has provided great community service, inasmuch as he was a principal participant in the formation of the new City of Goleta.

THEREFORE, BE IT RESOLVED that the Board of Directors of the Cachuma Operation and Maintenance Board gives its thanks and appreciation for the years of commitment and service that Bob Wignot has given to the Cachuma Operation and Maintenance Board, and to the Cachuma water purveyors and their constituents, and wishes him well in his retirement from COMB and in all his future endeavors.

Adopted on the twenty seventh day of February, 2006


Matt Loudon, President


Chuck Evans, Vice President


Jan Abel, Director


Robert Lieberknecht, Director


Das Williams, Director

**Minutes of the Regular Meeting of the
Cachuma Operation & Maintenance Board
held at
3301 Laurel Canyon Road
Santa Barbara, California
January 23, 2006**

1. Call to Order, Roll Call

Vice President Evans called the meeting to order at 3:06 p.m.

Directors present:

Chuck Evans	Goleta Water District
Jan Abel	Montecito Water District
Robert Lieberknecht	Carpinteria Valley Water District
Das Williams	City of Santa Barbara
Lee Bettencourt	Santa Ynez River Water Conservation Dist ID#1 (Alternate)

Others present:

Bob Wignot	Kate Rees
Brett Gray	Janet Gingras
Bob Roebuck	Tim Robinson
William Hair	Russell Ruiz
Steve Mack	Larry Wilson
Chip Wullbrandt	Kevin Walsh
Steve A. Amerikaner	Gary Kvistad
Robert Dunlap	Scott Volan
B.R. Bertrando	Jack Ruskey

2. Introduction of Council Member Das Williams, New COMB Representative from the City of Santa Barbara

Chair Evans welcomed and introduced Council Member Das Williams, the new COMB representative from the City of Santa Barbara.

(the Board next considered Item #4)

4. Public Comment

There was no comment from the public.

5. Consent Agenda

- a. Minutes of November 21, 2005 Regular Board Meeting
- b. Reports from the Manager

- Water Storage
 - Productions & Use, SWP Accounting Water
 - Operations Report
 - Financial Report
 - Investment Report
- c. Payment of Claims

Director Abel moved to approve the Consent Agenda, seconded by Director Bettencourt. Motion carried, 7/0/0.

7. Cachuma Reservoir Current Conditions

Reservoir Current Conditions:

Date 01/23/2006

Lake elevation	747.35 feet
Storage	180,115 acre feet
Rain (for the month to date)	7.82 inches
Rain YTD (for the season to date)	10.7 inches
Fish Release-Hilton Creek	11 acre feet per day
Month to Date Fish Release	265 acre feet

The remaining surcharge in the fish account is just over 2700 AF.

8. Lauro Dam Seismic Safety Modifications Project

Mr. Wignot reported the Lauro Dam Seismic Safety Modification Project is underway and they are currently screening material to be stockpiled and used later in the project. Sand and gravel will be delivered March through August for the new filter and drainage system that will be installed on the downstream embankment.

The repayment contract for reimbursement of the 15% obligation of the project costs is currently being circulated for the 60 day public review. That period ends on February 14, 2006. If there are no changes in the contract due to public comments, the contract should be ready to present to the COMB Board at the March 27, 2006 meeting.

9. Proposed Residential Development in the Lauro Reservoir Watershed at 1560 San Roque Road

Mr. Wignot reminded the Board of the letter that was sent to the County Planning Department, signed by President Matt Loudon in November 2005. This letter included the recommended conditions of the Board for the development at 1560 San Roque Road, to be included in approval of this project by the County. The project was denied by the Board of Architectural Review and then appealed to the County Planning Commission by the owner. The Planning Commission will hold a hearing on this item January 25, 2006. Mr. Wignot will be attending the meeting.

10. Authorize Director Jan Abel to Attend the ACWA Conference in Washington D.C., February 28-March 2, 2006

Director Lieberknecht moved to authorize Director Jan Abel to represent COMB and attend the ACWA Conference in Washington D.C., February 28-March 2, 2006. Seconded by Director Evans, passed 7/0/0.

11. Schedule of Regular Board Meeting Dates and Board Packet Information Deadlines for 2006

Mr. Wignot made note of the schedule included in the Board packet, of the dates for the regular Board meeting and the deadlines for Board packet information.

(the Board next considered Item #6)

6. Report from COMB Strategic Planning Ad Hoc Committee

Director Evans summarized the report from the COMB Strategic Planning Ad Hoc Committee provided in the Board packet. The committee concluded that the best organizational structure would be for CCRB to be merged into the existing COMB JPA. It is expected that it may take up to three months to get the amendments in place and during that interim the existing staff would be headed by Kate Rees, with additional technical duties handled by Brett Gray.

A letter from the Board of Directors of the Santa Ynez River Water Conservation District, ID #1 was included in the Board packet. Director Bettencourt commented on the concerns of ID#1. ID#1 feels the action is moving forward too fast and that the reorganization structure needs to be further developed by work groups and public workshops. ID#1 recommends that the COMB Board of Directors approve the concept of reorganizing COMB and CCRB so the process can continue to move forward.

The Board scheduled a special joint meeting of COMB/CCRB for February 6, 2006 at 3:00 pm with a single item agenda; the consideration of the proposed reorganization of COMB and CCRB. Bill Hair requested the written analysis of the two JPA agreements prepared by the Ad Hoc Committee be provided to staff prior to the meeting. The JPA of COMB and CCRB should also be provided for information prior to the meeting.

12. Requests from Directors for Items to be Included on Next Agenda

A Special Joint Board Meeting of COMB/CCRB has been scheduled for February 6, 2006 at 3:00 p.m. The next regular COMB Board meeting will be February 27, 2006 immediately following the CCRB Board meeting.

(the Board next considered Item #3)

3. **[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 3:50 p.m. Closed Session ended at 4:19 p.m.
There was nothing to report out of Closed Session.

13. **COMB Adjournment**

There being no further business, the meeting was adjourned at 4:20 p.m.

Respectfully submitted,

Secretary of the Board

APPROVED:

Chair

sec.comb/boardminutes/01.23.06COMB Minutes.doc

Approved _____
Unapproved _____ ✓

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**Minutes of the Joint Special Meeting of the
Cachuma Conservation Release Board
and
Cachuma Operation & Maintenance Board
held at
3301 Laurel Canyon Road
Santa Barbara, California
February 6, 2006**

1. Call to Order, Roll Call

President Jan Abel called the CCRB Board meeting to order at 3:00 p.m., roll call was taken, all were present.

President Matt Loudon called the COMB Board meeting to order at 3:05 p.m., roll call was taken, all were present.

CCRB & COMB Directors present:

Jan Abel	Montecito Water District
Chuck Evans	Goleta Water District
Robert Lieberknecht	Carpinteria Valley Water District
Matt Loudon (COMB)	Santa Ynez River Water Conservation Dist., ID#1
Das Williams	City of Santa Barbara

Others present:

Bob Wignot	Kate Rees
William Hair	Toni Trembley
Janet Gingras	Steve Mack
Gary Kvistad	Chris Dahlstrom
Lee Bettencourt	Larry Wilson
Brett Gray	Robert Dunlap
Russell Ruiz	Bill Carroll
Adelle Capponi	

2. Public Comment

There were no comments from the public.

3. Consideration of Proposed Reorganization of COMB and CCRB

The meeting was turned over to Chuck Evans, Chairman of the COMB Strategic Planning Ad Hoc Committee. Mr. Evans referred to the topic and procedural outlines included in the Board packet prepared by the COMB Strategic Planning Ad Hoc Committee and by Gary Kvistad of Hatch & Parent, council for Santa Ynez River Water Conservation District, ID#1. The goal of the February 6, 2006 meeting was to establish topics, procedures and schedules for the proposed reorganization of COMB and CCRB.

Gary Kvistad presented to the Board the outline he had developed at the request of ID#1 Board of Directors. The highlights of the proposed process consisted of organization of work groups, evaluation of issues and interest, organizational structures, implementation process and the interim COMB management during the reorganization process. Proposed topics for establishing ground rules for the upcoming meetings were also distributed to the Board.

Director Evans highlighted the committee's outline of topics for the Special Joint Meetings of CCRB/COMB Board of Directors. The list included interim staffing, review schedule for evaluating alternatives, current cost distribution, alternatives to current structure of separate JPA's, discuss letter and suggestions of ID#1, JPA Agreements for COMB and CCRB and the proposed structure and composition of COMB and CCRB.

The schedule of the special joint meetings was presented to the Board and discussed. A revised schedule will be printed and mailed to the Directors.

Director Evans requested that Chris Dahlstrom, ID#1 and Steve Mack, City of Santa Barbara assist him in the preparation of the agenda and supporting material for the Joint Special Board Meetings. They will be selecting items from the two outlines for consideration during each Board meeting.

Director Evans presented to the COMB Board the committees recommendation for interim staffing.

1. Appoint Kate Rees as interim General Manager of COMB, effective February 27, 2006, in addition to being Manager of CCRB, at a total salary of \$118,000 per year, and with the duties of the two agencies.
2. Approve a temporary increase in the salary of Brett Gray of 5%, effective February 27, 2006, until the proposed reorganization of COMB and CCRB is in place, because of increased technical work.

The COMB Board entered into a discussion concerning the recommendation. ID#1 had concerns and questions regarding the proposal COMB Strategic Planning Ad Hoc Committee presented to the Board for the interim staffing. The consensus of the other COMB Directors is a need to have one person in charge during the interim and to establish a policy prior to Mr. Wignot's retirement on February 26, 2006.

Director Abel moved to approve recommendations 1 and 2 for COMB interim staffing, seconded by Director Williams, passed 6/1/0, Director Loudon voting no.

Director Abel, CCRB President presented the recommendation to; 1) approve waiving the requirement for this year only in the CCRB formation agreement for the CCRB budget to be provided 60 days prior to the beginning of the budget fiscal year.

Director Evans moved to approve the recommendation. Following discussion and consideration by the CCRB Board, Director Evans withdrew his motion.

4. **Adjournment of the Joint Special CCRB/COMB Board Meeting**

There being no further business, the Joint Special CCRB/COMB Meeting was adjourned at 4:23 p.m.

Respectfully submitted:

CCRB Secretary to the Board

COMB Secretary to the Board

APPROVED:

Jan Abel, CCRB President

Matt Loudon, COMB President

board/02.06.06 sp minutes

Approved _____
Disapproved _____ ✓

CACHUMA OPERATION AND MAINTENANCE BOARD WATER STORAGE REPORT

MONTH: January 31, 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	351.50 Feet
Water in Storage	120.39 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	537.30 Feet
Water in Storage	371.61 Acre Feet

ORTEGA RESERVOIR

Capacity at 460' elevation:	65 Acre Feet
Capacity at outlet at elevation 440':	0 Acre Feet
Stage of Reservoir Elevation	OUT OF SERVICE
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	377.60 Feet
Water in Storage	29.34 Acre Feet

TOTAL STORAGE IN RESERVOIRS

Change in Storage	400.94 Acre Feet
	-192.07 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	747.28 Feet
Water in Storage	179,909 AF
Area	2,941
Evaporation	340.00 AF
Inflow	7210.40 AF
Downstream Release WR8918	0 AF
Fish Release	355.60 AF
Spill/Seismic Release	0 AF
State Project Water	0 AF
Change in Storage	7,079.0 AF
Tecolote Diversion	1,313.7 AF

Rainfall: Month: 7.82 Season: 10.7 Percent of Normal: 105% 66

05-06 ENTITLEMENT

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

(All in rounded Acre Feet)

			MONTH TOTAL			YTD TOTAL
WATER PRODUCTION:						
Cachuma Lake (Tec. Diversion)			1,332			6,872
Tecolote Tunnel Infiltration			196			722
Glen Anne Reservoir			0			0
Cachuma Lake (County Park)			4			17
State Water Diversion Credit			0			461
Gibraltar Diversion Credit			0			0
Bishop Ranch Diversion			0			0
Meter Reads			1,580			6,980
So. Coast Storage gain/(loss)			(192)			(154)
Total Production			1,533			7,610
Total Deliveries			1,388			7,287
Unaccounted-for			145			323
% Unaccounted-for			9.45%			4.24%
WATER USE:						
	GWD	SB CITY	MWD	CVWD	SYRWCD	TOTAL
					I.D. #1	
M&I	491	528	130	86	4	1,240
Agricultural	217	0	43	79	0	340
TOTAL FOR MONTH	708	528	174	165	4	1,580
Same Mo/prev. yr	660	670	81	186	2	1,599
M&I Yr to date	2,376	1,673	734	460	17	5,261
Ag. Yr to date	1,050	0	245	424	0	1,720
TOTAL YTD	3,426	1,673	980	884	17	6,981
USAGE % YTD	24.3%	12.3%	27.2%	20.7%	0.8%	18.3%
Previous Year/YTD	1,879	2,505	208	505	11	5,108
Evaporation	5	10	0	2	0	17
Evaporation, YTD	53	74	8	17	4	156
Entitlement	9,322	8,277	2,651	2,813	2,651	25,714
Carryover	4,832	5,800	874	1,469	296	13,271
Carryover Spill	0	0	0	0	0	0
Spill Surplus^^	0	0	0	0	0	0
State Water Exchange^	153	100	100	69	(422)	0
Transfers*/Adjustment***	0	0	0	0	0	0
Passthrough H2O**	0	(24)	0	0	0	(24)
TOTAL AVAILABLE	14,307	14,153	3,625	4,351	2,525	38,961
REMAINING BALANCE	10,828	12,406	2,637	3,450	2,504	31,824

** City relinquished 6 AF per "Passthrough" agrmt for January 2006 (No Passthrough during spill conditions).

State Water Deliveries for January 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 42 AF; MWD received 28;
 City of SB received 28 AF; and CVWD received 19 AF from ID#1 in January 2006.

PERCENT OF WATER YEAR ELAPSED: 33.3%

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

MONTH	DELVRD TO LAKE	Delvd CWWD		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										
2004																									
Bal. Frwd	0	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	0	0	0	0	0										
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0										
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0										
April	609	100	100	200	0	0	0	300	0	0	0	0	0	0	0										
May	583	86	68	128	0	128	128	194	0	20	0	27	0	0	0										
June	1021	142	142	213	0	213	213	320	0	120	0	0	0	13	0										
July	1116	183	163	245	0	245	245	366	0	165	0	0	0	12	0										
August	1224	179	179	268	0	268	268	402	0	1	78	0	0	18	0										
September	1191	174	174	261	0	261	261	390	0	87	0	0	0	18	0										
October	1279	187	125	317	0	280	280	420	0	27	66	0	0	19	0										
November	746	70	70	175	0	175	263	59	0	-20	0	0	0	4	0										
December	1067	0	0	123	0	81	751	32	719	112	21	0	0	0	0										
Total	8836	1101	976	125	1893	0	125	2018	1651	0	1725	3406	32	3374	665	76	4	757	36	0	36	0	84	0	84

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

MONTH	DELVRD TO LAKE	Delvd CWWD		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																								
Bal. Frwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
January	45	0	0	12	0	12	0	15	0	3	-76	0	0	0	0									
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	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	508	0	0	12	0	12	0	18	0	50	330	-61	-59	408	50	50	84	0	0	0	0	0	0	0

REVISED 2/14/06

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

MONTH	DELVRD TO LAKE	Delvd CWWD		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																								
Bal. Frwd	0	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	0	0	0	0	0									
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	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	0	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	0	0	0	0	0	0	0	0	0	0	-112	0	51	0	0	0	0	0	0	0	0	0	0	0

Operations Report – January 2006

Cachuma Project water usage for the month of January 2006 was 1,580 acre-feet, compared with 1,599 acre-feet for the same period in 2005. Cachuma Project water use for the 12 months ending 31 December 2005 was 28,244 acre-feet, compared with 22,428 acre-feet for the 12 months ending 31 January 2005.

The average flow from Lake Cachuma into the Tecolote Tunnel was 42 acre-feet per day. Lake elevation was 744.86 feet at the beginning of the month and 747.28 feet at the end. Recorded rainfall at Bradbury Dam was 7.82 inches for the month and 10.7 inches for the rainfall season, which commenced on July 1, 2005. Rainfall for the season is 105% of normal.

Santa Barbara wheeled 366 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.

Work continued on structure rehabilitation of blow-off, air vent, and lateral structures. Rehabilitation was completed on structures 80+86, 361+20, 502+96, 111+85 lateral 1, lateral 2, lateral 4, lateral 5, lateral 6, lateral 7, and lateral 8. This leaves approximately 10 air-vent/blow-off structures to be completed out of a total of 63. We have approximately 14 lateral structures out of 21 completed. With the Goleta Reach of the SCC nearing completion planning is beginning on the Carpinteria Reach. With the installation of the line-valves this work will be possible and is being scheduled for next fall. In the Carpinteria Reach there is approximately 113 air-vent, blow-off, and lateral structures. The work on structure rehabilitation will continue through the winter if weather and access permits.

Emergency repair and shutdown of the SCC in the Carpinteria Valley occurred on January 16. An air valve and ball valve were damaged during excavation for work at the Stegall property line-valve site. The damage required the SCC to be shutdown to replace the isolation ball valve for the air valve. The shutdown and required work was completed in approximately 4 hours with the assistance of MWD, CVWD, and Cater Water Treatment Plant staff. The shutdown went incredibly well being that the last shutdown in this area was conducted in the mid 1980's. Only 60% of the SCC was shutdown due to the one operational line-valve that was completed last year. With this years line-valve complete only 40% of the SCC would have required being shutdown. Some CVWD customers were without water during the shutdown.

Miscellaneous work completed this month includes cleanup after structure rehab, rehabilitation of reusable structure rehab parts, cleanup at line-valve project, prepare for Corona Vault rehabilitation and lateral condition surveys.

Routine operation and maintenance activities attended to during the month also 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

comb2
Balance Sheet
 As of January 31, 2006

	<u>Jan 31, 06</u>
ASSETS	
Current Assets	
Checking/Savings	
1050 - GENERAL FUND	78,730.49
1100 - REVOLVING FUND	7,042.19
TRUST FUNDS	
1220 - RENEWAL FUND	5,029.18
1210 - WARREN ACT TRUST FUND	<u>28,319.63</u>
Total TRUST FUNDS	<u>33,348.81</u>
Total Checking/Savings	119,121.49
Other Current Assets	
1010 - PETTY CASH	400.00
1200 - LAIF	590,210.89
1300 - DUE FROM CCRB	47,066.89
1302 - ASSESSMENTS RECEIVABLE-CARP	141,485.35
1303 - SOD Act Assessments Receivable	47,141.25
1400 - PREPAID INSURANCE	<u>9,108.00</u>
Total Other Current Assets	<u>835,412.38</u>
Total Current Assets	954,533.87
Fixed Assets	
1500 - VEHICLES	231,647.84
1505 - OFFICE FURN & EQUIPMENT	113,041.13
1510 - TRAILERS	97,803.34
1515 - FIELD EQUIPMENT	284,119.52
1525 - PAVING	22,350.00
1550 - ACCUMULATED DEPRECIATION	<u>-469,875.93</u>
Total Fixed Assets	279,085.90
Other Assets	
1910 - LT SOD Act Assess Receivable	<u>5,447,243.07</u>
Total Other Assets	<u>5,447,243.07</u>
TOTAL ASSETS	<u><u>6,680,862.84</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2200 - ACCOUNTS PAYABLE	<u>164,196.69</u>
Total Accounts Payable	164,196.69
Other Current Liabilities	
2505 - ACCRUED WAGES	27,650.33
2550 - VACATION/SICK	79,386.08
2560 - CACHUMA ENTITLEMENT	20,107.68
2561 - BRADBURY DAM SOD ACT	47,141.25
2562 - SWRCB-WATER RIGHTS FEE	0.22
2590 - DEFERRED REVENUE	33,348.81
Payroll-DepPrm Ops	4.62
Payroll-FICA Ops	0.04
Payroll-Invest Admin	-0.06
Payroll-Invest Admin 457D	<u>-0.04</u>
Total Other Current Liabilities	<u>207,638.93</u>
Total Current Liabilities	371,835.62
Long Term Liabilities	
2600 - Lease Obligation Payable	35,727.17
2601 - Note Payable SBB&T	141,485.35
2602 - SOD Act Liability-Long Term	<u>5,447,243.07</u>
Total Long Term Liabilities	<u>5,624,455.59</u>

comb2
Balance Sheet
As of January 31, 2006

	<u>Jan 31, 06</u>
Total Liabilities	5,996,291.21
Equity	
3000 · Opening Bal Equity	0.95
3901 · Retained Earnings	462,226.45
Net Income	222,344.23
Total Equity	<u>684,571.63</u>
TOTAL LIABILITIES & EQUITY	<u><u>6,680,862.84</u></u>

comb2
Profit & Loss Budget vs. Actual
 July 2005 through January 2006

	Jul '05 - Jan 06	Budget	\$ Over Budget	% of Budget
TOTAL				
Income				
3000 REVENUE				
3001 · O&M Budget	1,556,829.02			
3003 · Assessment Revenue-Carp	2,832.17			
3005 · Assessments Returned to Member	-112,719.00			
3010 · Interest Income	9,332.66			
3020 · Misc Income	4,293.92			
3070 · OES 2005 Storm 1577 Reimb	97,730.53			
Total 3000 REVENUE	1,558,299.30			
Total Income	1,558,299.30			
Gross Profit	1,558,299.30			
Expense				
3150 · Health & Workers Comp	85,015.54	150,000.00	-64,984.46	56.7%
3155 · PERS	39,449.15	66,956.00	-27,506.85	58.9%
3160 · Payroll Comp FICA Ops	17,229.91	29,415.00	-12,185.09	58.6%
3165 · Payroll Comp MCARE Ops	4,029.52	6,881.00	-2,851.48	58.6%
3100 LABOR - Other	0.00	424,667.00	-424,667.00	0.0%
Total 3100 LABOR	397,434.66	677,919.00	-280,484.34	58.6%
3200 VEH & EQUIPMENT				
3201 · Vehicle/Equip Mtce	12,927.18	22,000.00	-9,072.82	58.8%
3202 · Fixed Capital	39,019.41	46,000.00	-6,980.59	84.8%
3203 · Equipment Rental	656.13	22,000.00	-21,343.87	3.0%
3204 · Miscellaneous	5,832.14	10,000.00	-4,167.86	58.3%

Profit & Loss Budget vs. Actual

July 2005 through January 2006

	Jul '05 - Jan 06	Budget	TOTAL	\$ Over Budget	% of Budget
Total 3200 VEH & EQUIPMENT	58,434.86	100,000.00		-41,565.14	58.4%
3300 · CONTRACT LABOR					
3301 · Conduit, Meter, Valve & Misc	4,846.09	7,000.00		-2,153.91	69.2%
3302 · Buildings & Roads	6,090.15	11,500.00		-5,409.85	53.0%
3303 · Reservoirs	4,522.04	50,000.00		-45,477.96	9.0%
3304 · Engineering, Misc Services	4,834.15	20,000.00		-15,165.85	24.2%
Total 3300 · CONTRACT LABOR	20,292.43	88,500.00		-68,207.57	22.9%
3400 · MATERIALS & SUPPLIES					
3401 · Conduit, Meter, Valve & Misc	8,971.54	10,000.00		-1,028.46	89.7%
3402 · Buildings & Roads	4,622.68	17,000.00		-12,377.32	27.2%
3403 · Reservoirs	1,296.41	7,000.00		-5,703.59	18.5%
3404 · Tecolote Tunnel	1,521.00	0.00		1,521.00	100.0%
Total 3400 · MATERIALS & SUPPLIES	16,411.63	34,000.00		-17,588.37	48.3%
3500 · OTHER EXPENSES					
3501 · Utilities	2,406.15	6,300.00		-3,893.85	38.2%
3502 · Uniforms	3,762.96	5,500.00		-1,737.04	68.4%
3503 · Communications	6,918.08	17,300.00		-10,381.92	40.0%
3504 · USA & Other Services	1,406.54	3,700.00		-2,293.46	38.0%
3505 · Miscellaneous	2,566.26	6,000.00		-3,433.74	43.1%
3506 · Training	5,353.16	4,500.00		853.16	119.0%
Total 3500 · OTHER EXPENSES	22,433.15	43,300.00		-20,866.85	51.8%
4999 · GENERAL & ADMINISTRATIVE					
5000 · Director Fees					
5001 · Director Mileage	316.07	779.00		-462.93	40.6%
5000 · Director Fees - Other	3,712.00	9,984.00		-6,272.00	37.2%
Total 5000 · Director Fees	4,028.07	10,763.00		-6,734.93	37.4%
5100 · Legal					
5101-1 · Audit	29,945.42	70,000.00		-40,054.58	42.8%
5150 · Unemployment Tax	10,975.00	22,000.00		-11,025.00	49.9%
5200 · Liability Insurance	0.00	6,371.00		-6,371.00	0.0%
5201 · Health & Workers Comp	33,059.00	36,000.00		-2,941.00	91.8%
5250 · PERS	29,527.80	44,836.00		-15,308.20	65.9%
5260 · Comp FICA Admin	21,827.66	39,921.00		-18,093.34	54.7%
5265 · Comp MCARE Admin	8,581.02	15,876.00		-7,294.98	54.1%
5300 · Manager Salary	2,239.70	3,713.00		-1,473.30	60.3%
5301 · Administrative Manager	63,307.36	105,103.00		-41,795.64	60.2%
5306 · Administrative Assistant	49,518.71	83,097.00		-33,578.29	59.6%
5310 · Postage/Office Exp	30,376.84	49,421.00		-19,044.16	61.5%
5311 · Office Equip/Leases	5,510.50	8,000.00		-2,489.50	68.9%
5312 · Misc Admin Expenses	2,576.24	5,640.00		-3,063.76	45.7%
5313 · Communications	4,924.28	6,000.00		-1,075.72	82.1%
	1,957.94	5,000.00		-3,042.06	39.2%

comb2
Profit & Loss Budget vs. Actual
 July 2005 through January 2006

	Jul '05 - Jan 06	Budget	\$ Over Budget	% of Budget
TOTAL				
5314 · Utilities	2,728.62	4,500.00	-1,771.38	60.6%
5315 · Membership Dues	4,503.65	5,445.00	-941.35	82.7%
5316 · Admin Fixed Assets	0.00	6,000.00	-6,000.00	0.0%
5325 · Emp Training/Subscriptions	1,345.75	4,100.00	-2,754.25	32.8%
5330 · Admin Travel/Conferences	702.34	5,000.00	-4,297.66	14.0%
5331 · Public Information	77.19	2,000.00	-1,922.81	3.9%
5332 · Transportation	830.79	1,150.00	-319.21	72.2%
Total 4999 · GENERAL & ADMINISTRATIVE	308,543.88	539,936.00	-231,392.12	57.1%
6000 · SPECIAL PROJECTS				
6050 · Bradbury Dam Radial Gates	2,966.20	0.00	2,966.20	100.0%
6052 · SCADA	7,058.67	60,000.00	-52,941.33	11.8%
6090-1 · COMB Bldg/Grounds Repair	0.00	50,000.00	-50,000.00	0.0%
6092 · SCC Improv Plan & Design	53,480.05	95,000.00	-41,519.95	56.3%
6093 · SCC Life Expectancy Study	53,848.06	95,000.00	-41,151.94	56.7%
6095 · SCC Valve & Cntrl Sta Rehab	217,241.27	600,000.00	-382,758.73	36.2%
6095-1 · Lauro Debris Basin Rehab	12,997.98	50,000.00	-37,002.02	26.0%
6096 · SCC Structure Rehabilitation	59,921.51	305,000.00	-245,078.49	19.6%
6097 · GIS and Mapping	6,838.58	75,000.00	-68,161.42	9.1%
Total 6000 · SPECIAL PROJECTS	414,352.32	1,330,000.00	-915,647.68	31.2%
6400 · STORM DAMAGE				
6401 · Storm Damage 2005	60,890.55	200,000.00	-139,109.45	30.4%
Total 6400 · STORM DAMAGE	60,890.55	200,000.00	-139,109.45	30.4%
7000 · LEGAL & LITIGATION				
7002 · Spec Counsel-FMP-BO EIS/R	33,389.92	100,000.00	-66,610.08	33.4%
Total 7000 · LEGAL & LITIGATION	33,389.92	100,000.00	-66,610.08	33.4%
7006 · INTEREST EXPENSE PAYROLL				
Gross	0.11			
Gross-CCRB	0.18			
Total PAYROLL	0.29			
Total Expense	1,335,955.07	3,113,655.00	-1,777,699.93	42.9%
Total Income	222,344.23	-3,113,655.00	3,335,999.23	-7.1%



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

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FEB 04 2006

CACHUMA O&M BOARD

This Statement Covers:

From: 01/01/06

Through: 01/31/06

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



Your Guaranteed Great Rate Money Market Detail Information

CACHUMA OPERATION AND MAINTENANCE BOARD
TRUST FUND

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

Your Account at a Glance

Beginning Balance	\$8,475.82
Checks Paid	\$0.00
Other Withdrawals	\$0.00
Deposits	+\$19,843.81
Ending Balance	\$28,319.63

Interest Earned	\$20.81
Annual Percentage Yield Earned	1.16%
YTD Interest Paid	\$20.81
YTD Interest Withheld	\$0.00

Your Overdraft Limit as of the statement end date: \$1,000.00
Please note that this may be changed at any time without notice (see reverse for more information). As of the statement end date, the fee for any Non-Sufficient Funds transaction, whether paid or returned, was \$23.00.

Date	Description	Withdrawals (-)	Deposits (+)
01/11	Customer Deposit		\$19,823.00
01/31	Interest Payment		\$20.81

MEMO TO: Board of Directors
Cachuma Operation & Maintenance Board

FROM: Robert E. Wignot, Secretary

SUBJECT: COMB INVESTMENT POLICY

The above statement of investment activity for the month of January, 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 # 66

PAGE 10



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FEB 04 2006

CACHUMA O&M BOARD

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



This Statement Covers

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

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or visit us at wamu.com

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	\$5,026.40
Checks Paid	\$0.00
Other Withdrawals	\$0.00
Deposits	+\$2.78
Ending Balance	\$5,029.18

Interest Earned	\$2.78
Annual Percentage Yield Earned	0.65%
YTD Interest Paid	\$2.78
YTD Interest Withheld	\$0.00

Your Overdraft Limit as of the statement end date: \$1,000.00
Please note that this may be changed at any time without notice (see reverse for more information). As of the statement end date, the fee for any Non-Sufficient Funds transaction, whether paid or returned, was \$23.00.

Date	Description	Withdrawals (-)	Deposits (+)
01/31	Interest Payment		\$2.78 ✓

MEMO TO: Board of Directors
Cachuma Operation & Maintenance Board

FROM: Robert E. Wignot, Secretary

SUBJECT: COMB INVESTMENT POLICY

The above statement of investment activity for the month of January, 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 # 66
PAGE 11

OFFICE OF THE TREASURER
 SACRAMENTO

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

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CACHUMA O&M BOARD

January, 2006 Statement

CACHUMA OPERATION AND MAINTENANCE BOARD

Attn: GENERAL MANAGER

3301 LAUREL CANYON ROAD

SANTA BARBARA CA 93105-2017

Account Number : 70-42-001
Transactions

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
01-10-2006	01-09-2006	RW	1056802	ROBERT E. WIGNOT	- 283,000.00
01-13-2006	01-12-2006	RW	1059777	ROBERT E. WIGNOT	- 20,000.00
01-13-2006	01-12-2006	QRD	1057427	SYSTEM	5,365.75
01-26-2006	01-25-2006	RW	1061157	ROBERT E. WIGNOT	- 5,000.00

Account Summary

Total Deposit :	5,365.75	Beginning Balance :	892,845.14
Total Withdrawal :	- 308,000.00	Ending Balance :	590,210.89

MEMO TO: Board of Directors
 Cachuma Operation & Maintenance Board

FROM: Robert E. Wignot, Secretary

SUBJECT: COMB INVESTMENT POLICY

The above statement of investment activity for the month of January, 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

 ITEM # 6b
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comb2
Payment of Claims
As of January 31, 2006

Date	Num	Name	Memo	Split	Amount
1050 - GENERAL FUND					
1/3/2006	14697	M.Hopkins, C/O Robert McC...	Right of Entry Agreement SCC In-Li...	2200 · ACCO...	-1,000.00
1/3/2006	14698	Stegall Company LTD	Right of Entry Agreement SCC In-Li...	2200 · ACCO...	-1,000.00
1/4/2006	14699	Cashier, DPR	QAC-New application-S.O'Callahan	2200 · ACCO...	-90.00
1/4/2006	14700	PAPA	QAC Test Prep course-S.O'Callahan	2200 · ACCO...	-200.00
1/4/2006	14701	Verizon Online	DSL Jan charges	2200 · ACCO...	-81.17
1/5/2006	14702	The Scripps Home	In Memory of "Charm" Robinson	2200 · ACCO...	-75.00
1/10/2006	14703	A-OK Mower Shops, Inc.	Supplies-portable gas cutter	2200 · ACCO...	-85.66
1/10/2006	14704	Acorn Landscape Managem...	Monthly mtce	2200 · ACCO...	-236.70
1/10/2006	14705	Action Tree Care	Tree removal-Corona Del Mar vault	2200 · ACCO...	-550.00
1/10/2006	14706	ACWA Services Corporation...	Jan EAP	2200 · ACCO...	-50.85
1/10/2006	14707	American Van Equipment, Inc.	Truck boxes for new trucks PO#8577	2200 · ACCO...	-2,056.19
1/10/2006	14708	AT&T	Dec 27, 2005 statement	2200 · ACCO...	-170.34
1/10/2006	14709	B & B Surplus, Inc.		2200 · ACCO...	-3,479.46
1/10/2006	14710	BEC Electric Contractors	NP elevator controls repair	2200 · ACCO...	-3,469.03
1/10/2006	14711	Big Brand Tire Company	CCRB truck-new tires/balance	2200 · ACCO...	-314.42
1/10/2006	14712	Brett Gray	Reimb-car wash/pocket knives & en...	2200 · ACCO...	-418.63
1/10/2006	14713	Butera's		2200 · ACCO...	-214.86
1/10/2006	14714	CDW Government, Inc.		2200 · ACCO...	-612.25
1/10/2006	14715	Cedant Web Hosting		2200 · ACCO...	-19.94
1/10/2006	14716	Central Valley Project Water...	2006 Member Dues	2200 · ACCO...	-750.00
1/10/2006	14717	CIO Solutions, Inc.		2200 · ACCO...	-725.00
1/10/2006	14718	City of SB-Refuse	Refuse acct 11/30-12/31/05	2200 · ACCO...	-143.69
1/10/2006	14719	COMB-Petty Cash	Replenish petty cash	2200 · ACCO...	-73.12
1/10/2006	14720	COMB - Revolving Fund	Jan 13 & 27, 2006 payrolls/taxes	2200 · ACCO...	-98,712.60
1/10/2006	14721	Culligan Water	RO system Jan	2200 · ACCO...	-20.95
1/10/2006	14722	Cushman Contracting Corp.		2200 · ACCO...	-122,179.11
1/10/2006	14723	Draganchuk Alarm Systems	Alarm/lease-monitoring Jan-Mar 2006	2200 · ACCO...	-82.50
1/10/2006	14724	ECHO Communications	Answering service-Jan	2200 · ACCO...	-56.60
1/10/2006	14725	Famcon Pipe & Supply		2200 · ACCO...	-7,964.32
1/10/2006	14726	FGL Environmental		2200 · ACCO...	-70.00
1/10/2006	14727	Fleet Fueling	Fuel/fuel cards	2200 · ACCO...	-1,218.13
1/10/2006	14728	Graybar Electric Company, I...	Ballast for Admin Mgr ofc	2200 · ACCO...	-145.77
1/10/2006	14729	HSBC Business Solutions	30 gal air compressor PO#8576	2200 · ACCO...	-2,299.99
1/10/2006	14730	J&C Services	12/2,16 office cleaning	2200 · ACCO...	-250.00
1/10/2006	14731	MacFarlane Faletti & Co, LLP	3rd progress billing FY 04/05	2200 · ACCO...	-2,500.00
1/10/2006	14732	MarBorg Industries		2200 · ACCO...	-163.04
1/10/2006	14733	McMaster-Carr Supply Co.	First aid kits/hard hats PO#8591	2200 · ACCO...	-308.40
1/10/2006	14734	MGB Industrial Supply	Fittings for new air compressor	2200 · ACCO...	-255.44
1/10/2006	14735	Nextel Communications	Cellular Ops 11/19-12/18/05	2200 · ACCO...	-350.18
1/10/2006	14736	Paychex, Inc.	12/16,30/05 payrolls/taxes	2200 · ACCO...	-196.98
1/10/2006	14737	PBCC	Qrtly inv. 1/10-4/10/06	2200 · ACCO...	-442.86
1/10/2006	14738	Permacolor, Inc.		2200 · ACCO...	-2,895.83
1/10/2006	14739	PG&E	Electric bill	2200 · ACCO...	-10.64
1/10/2006	14740	Powell Garage	CCRB truck-oil/filter change-brake r...	2200 · ACCO...	-393.34
1/10/2006	14741	Praxair Distribution		2200 · ACCO...	-4,605.61
1/10/2006	14742	Republic Elevator	Scheduled mtce	2200 · ACCO...	-208.33
1/10/2006	14743	Reserve Account	Postage refill	2200 · ACCO...	-400.00
1/10/2006	14744	Smerden-Hatcher Co.	4" weld elbow-line valve project	2200 · ACCO...	-185.16
1/10/2006	14745	Southern California Edison	Main ofc/outlying stations	2200 · ACCO...	-950.03
1/10/2006	14746	Staples Credit Plan	Ofc supplies	2200 · ACCO...	-274.87
1/10/2006	14747	State Compensation Insuran...	Payroll report-Dec 2005	2200 · ACCO...	-6,595.49
1/10/2006	14748	The Gas Company	Gas-main office	2200 · ACCO...	-65.27
1/10/2006	14749	The Wharf	Jackets	2200 · ACCO...	-225.16
1/10/2006	14750	Titan Industrial & Safety Sup...	Gas monitor repair/calibration	2200 · ACCO...	-74.11
1/10/2006	14751	Underground Service Alert	58 new tickets	2200 · ACCO...	-89.90
1/10/2006	14752	Verizon Wireless	Cellular	2200 · ACCO...	-186.63
1/11/2006	14753	CitiBusiness Card		2200 · ACCO...	-4,674.47
1/11/2006	14754	Durbiano Fire Equipment, Inc.	Recharge fire ext.	2200 · ACCO...	-15.00
1/11/2006	14755	Fed Ex Kinko's, Inc.	Scanned docs for Boyle	2200 · ACCO...	-54.89
1/11/2006	14756	GE Capital	Mita copier lease Bill ID#901336031...	2200 · ACCO...	-427.77
1/11/2006	14757	Home Depot Credit Services	Silt fence/gear bag for PPE/hard hat...	2200 · ACCO...	-176.79

Payment of Claims

As of January 31, 2006

Date	Num	Name	Memo	Split	Amount
1/11/2006	14758	Orchard Supply Hardware	Windshield cleaner/gloves/keys/padl...	2200 · ACCO...	-163.59
1/11/2006	14759	Praxair Distribution	Supplies-welding shop	2200 · ACCO...	-328.81
1/11/2006	14760	Southern California Edison	Glen Anne gate	2200 · ACCO...	-15.61
1/11/2006	14761	Verizon California		2200 · ACCO...	-350.89
1/16/2006	14762	ACWA Services Corp. (ASC)	Cov period 2/1-3/1/06	2200 · ACCO...	-8,869.84
1/16/2006	14763	Caterpillar Financial Service...	Backhoe lease Contract #001-02586...	2200 · ACCO...	-1,294.06
1/16/2006	14764	ESRI	Dell Precision work station/Arcview li...	2200 · ACCO...	-16,949.08
1/16/2006	14765	Fence Factory	Install chain link fence-Corona WTP ...	2200 · ACCO...	-1,790.00
1/16/2006	14766	Flowers & Associates, Inc.	Dec chrgs Bradbury Dam Radial Gat...	2200 · ACCO...	-2,966.20
1/16/2006	14767	Nordman, Cormany, Hair & ...		2200 · ACCO...	-1,965.62
1/16/2006	14768	PG&E	Electric bill	2200 · ACCO...	-119.76
1/16/2006	14769	Prudential Overall Supply		2200 · ACCO...	-355.80
1/16/2006	14770	Sansum-SBMFC Occupatio...	Pre-employment physical-JV CCRB	2200 · ACCO...	-186.00
1/16/2006	14771	Verizon California	SCADA	2200 · ACCO...	-515.79
1/24/2006	14772	SBHRA Membership	Membership Dues-JGingras	2200 · ACCO...	-125.00
Total 1050 · GENERAL FUND					<u>-311,538.52</u>
TOTAL					<u><u>-311,538.52</u></u>

CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

Date: February 27, 2006

To: Members of the Board of Directors

Re: **Appointment of New Officers and JPIA Alternate Representative**

Recommended Actions:

1. It is recommended that the Board of Directors affirm that Kate Rees as interim General Manager shall also serve as Secretary of the Board, Treasurer and Auditor-Controller.
2. It is recommended that the Board of Directors affirm that Kate Rees as interim General Manager shall also serve as the ACWA/JPIA Alternate Representative.
3. It is recommended that the Board of Directors affirm that Administrative Manager Janet Gingras shall act as Secretary of the Board in the event that the interim General Manager is absent.

Discussion:

These actions are "housekeeping items" due to the retirement of General Manager Bob Wignot and the appointment of Kate Rees as interim General Manager. The officer and alternate representative positions that were held by Bob Wignot as General Manager should now be held by Kate Rees. Administrative Manager Janet Gingras should also act as Secretary of the Board in the event that Ms. Rees is absent. These appointments would be in accordance with the COMB Joint Exercise of Powers Agreement and further to Board actions taken at the annual reorganization meeting on July 25, 2005.

Sincerely,



Kate Rees
General Manager

COMB06_Reorg

ITEM # 7
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CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

Date: February 27, 2006

To: Members of the Board of Directors

Re: **Resolutions Relating to COMB Fund Accounts**

Recommended Action:

It is recommended that the Board of Directors pass, approve and adopt the resolutions as presented.

Discussion:

These resolutions are "housekeeping items" due to the appointment of Santa Barbara City Council member Das Williams to the COMB Board of Directors, replacing Dr. Dan Secord, and due to the retirement of General Manager Bob Wignot and the appointment of Kate Rees as interim General Manager.

Adoption of the resolutions will:

- Add Director Williams as a signatory on the COMB General Fund Account at Santa Barbara Bank & Trust, and on the COMB Renewal Fund and Trust Fund Accounts at Washington Mutual.
- Add Ms. Rees as a signatory on these same accounts, as well as on the COMB Revolving Fund Account at Santa Barbara Bank & Trust, and on the Local Agency Investment Fund (LAIF) Account at the State Treasury.
- Authorize Ms. Rees to make telephone transfers between the LAIF Account and the General Fund Account and/or the Revolving Fund Account at Santa Barbara Bank & Trust.

Sincerely,



Kate Rees
General Manager

COMB\Board Memo Re Resolutions 021306

ITEM # 8
PAGE 1

RESOLUTION NO. 434

A RESOLUTION OF THE CACHUMA OPERATION AND MAINTENANCE BOARD (CUSTOMER) ESTABLISHING A SUPPLEMENTAL ACCOUNT AGREEMENT FOR TELEPHONE TRANSFERS

The undersigned Customer further agrees with Santa Barbara Bank and Trust (Bank) in connection with its Agreement for Checking Account No. 3102-563 (General Fund) and Account No. 3102-555 (Revolving Fund), hereinafter referred to as the "checking accounts", that the Bank may honor telephone instructions to transfer funds to and from the State Treasurer's Local Agency Investment Fund, sub-account No. 70-42-001, maintained at the Bank of America Sacramento Branch No. 148 to and from Customer's above listed local accounts when such instructions are given by the person, or one of the persons, authorized below to make such transfers.

In consideration of the Bank accepting telephone instructions to transfer, the Bank may require such identification of the person giving such instructions as it may deem necessary and sufficient and the undersigned Customer will indemnify and hold harmless the Bank from all loss or damage resulting from such instructions, including incorrect identification.

Any one of the following persons is authorized to make telephone transfers to and from the Checking Accounts(s):

- 1. _____
President, Board of Directors
- 2. _____
Vice-President, Board of Directors
- 3. _____
General Manager/Secretary

The Bank is authorized to accept and rely upon the telephone instructions of the above persons, and each of them, unless and until the undersigned Customer shall deliver to the Bank at the Branch where the Checking accounts are located a specific written instruction revoking the authority of such person(s) to make such telephone instruction, and the Bank has a reasonable opportunity to comply (which shall be at least one banking business day) with the written revocation of authority.

This resolution supersedes Resolution No. 421 dated July 25, 2005, and all resolutions preceding it pertaining to said Agreement.

PASSED, APPROVED AND ADOPTED this 27th day of February 2006, by the Cachuma Operation and Maintenance Board by the following roll call vote:

AYES:
NAYS:
ABSENT/ABSTAIN:

President, Board of Directors

ATTEST:

Secretary

RESOLUTION NO. 435

**A RESOLUTION OF THE CACHUMA OPERATION AND
MAINTENANCE BOARD AUTHORIZING SIGNATORIES
FOR REVOLVING FUND ACCOUNT AT SANTA BARBARA
BANK AND TRUST**

WHEREAS, the Cachuma Operation and Maintenance Board maintains a separate checking account at Santa Barbara Bank and Trust for the payment of payroll and related items herein called the Revolving Fund, and

WHEREAS, the checks issued on the Revolving Fund require one authorized signature before the checks are honored by the Bank.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Cachuma Operation and Maintenance Board that the following persons are authorized signatories on said account:

President of the Board of Directors

Vice-President of the Board of Directors

General Manager/Secretary

This resolution supersedes Resolution No. 422 dated July 25, 2005 and all resolutions preceding it pertaining to authorized signatories for said account.

PASSED, APPROVED, AND ADOPTED this 27th day of February 2006, by the following vote:

AYES:

NAYES:

ABSENT/ABSTAIN:

President of the Board

ATTEST:

Secretary

RESOLUTION NO. 436

RESOLUTION OF THE BOARD OF DIRECTORS OF CACHUMA OPERATION AND MAINTENANCE BOARD AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND

RECITALS

A. Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

B. The Board of Directors does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein is in the best interests of the Cachuma Operation and Maintenance Board (COMB).

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby authorize the deposit and withdrawal of COMB monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED, that the following COMB officers or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund.

<u>Matthew C. Loudon</u> (NAME)	<u>C. Charles Evans</u> (NAME)	<u>Kathleen A. Rees</u> (NAME)
<u>President</u> (TITLE)	<u>Vice President</u> (TITLE)	<u>Gen.Mgr./Secretary</u> (TITLE)
_____ SIGNATURE	_____ SIGNATURE	_____ SIGNATURE

PASSED AND ADOPTED, by the Board of Directors of COMB, County of Santa Barbara State of California on February 27, 2006, by the following vote:

AYES:
NAYES:
ABSENT/ABSTAIN:

[SEAL]

APPROVED:

President of the Board

ATTEST:

Secretary of the Board

RESOLUTION NO. 437

A RESOLUTION OF THE CACHUMA OPERATION AND MAINTENANCE BOARD AUTHORIZING SIGNATORIES FOR GENERAL FUND ACCOUNT AT SANTA BARBARA BANK AND TRUST

WHEREAS, the Cachuma Operation and Maintenance Board maintains a separate checking account at Santa Barbara Bank and Trust for the payment of bills and claims presented to the Board herein called the General Fund, and

WHEREAS, the checks issued on the General Fund require two (2) authorized signatures before the checks are honored by the bank, and

WHEREAS, the Board of Directors reviews and approves the payment of claims for all checks issued on the General Fund at the Board's monthly meeting.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Cachuma Operation and Maintenance Board that the following persons are authorized signatories on said account subject to those conditions as specified in Resolution No. 424 adopted by this Board on July 25, 2005.

This Resolution supersedes Resolution No. 425 dated July 25, 2005 and all resolutions preceding it pertaining to establishing policy for staff to sign checks for payment of claims.

President of the Board

Vice-President of the Board

Director

Director

Director

General Manager/Secretary

Administrative Manager

PASSED, APPROVED AND ADOPTED this 27th day of February 2006, by the following vote:

AYES:
NAYES:
ABSENT/ABSTAIN:

President of the Board

ATTEST:

Secretary

RESOLUTION NO. 438

A RESOLUTION OF THE CACHUMA OPERATION AND MAINTENANCE BOARD AUTHORIZING SIGNATORIES FOR THE CACHUMA PROJECT TRUST FUND AND THE CACHUMA MASTER CONTRACT RENEWAL FUND ACCOUNTS AT WASHINGTON MUTUAL

WHEREAS, the Cachuma Operation and Maintenance Board (COMB) by Resolution No. 249 of January 27, 1997 assumed responsibility for managing the Cachuma Project Trust Fund and the Cachuma Master Contract Renewal Fund (Renewal Fund), and

WHEREAS, COMB has identified Washington Mutual (formerly Great Western Bank) as the most favorable institution with which to establish these accounts; and

WHEREAS, the checks issued on the Renewal Fund and Cachuma Project Trust Fund require two (2) authorized signatures before the checks are honored by the Bank; and

WHEREAS, the Board of Directors reviews and approves the payment of claims for all checks issued on the Renewal Fund and Cachuma Project Trust Fund accounts at the Board's monthly meeting,

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Cachuma Operation and Maintenance Board that the following persons are authorized signatories on said account subject to those conditions as specified in Resolution No. 426 adopted by this Board on July 25, 2005.

This Resolution supersedes Resolution No. 427 dated July 25, 2005 and all resolutions preceding it pertaining to establishing policy for signing checks drawn on the Cachuma Project Trust Fund and Renewal Fund accounts.

President of the Board

Vice-President of the Board

Director

Director

Director

General Manager/Secretary

Administrative Manager

PASSED, APPROVED AND ADOPTED this 27th day of February 2006, by the following vote:

AYES:
NAYES:
ABSENT/ABSTAIN:

President of the Board

ATTEST:

Secretary

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CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

Date: February 27, 2006
To: Members of the Board of Directors
Re: Report from the Auditor for Fiscal Year 2004-2005

Recommended Actions:

1. It is recommended that the Board of Directors accept the Financial Statements for the Fiscal Year ended June 30, 2005, and the Independent Auditor's Report.
2. It is recommended that the Board of Directors authorize the unrestricted net assets identified in said Financial Statements, in the amount of \$226,987, to be used to reduce operating assessments required from the Member Units for the 4th Quarter of the current Fiscal Year.


Discussion:

Attached are copies of the Financial Statements for the Fiscal Year ended June 30, 2005 and the Independent Auditors' Report. The audit was performed by MacFarlane Faletti and Co. LLP, Certified Public Accountants. The Financial Statements and the Auditor's Report were reviewed by the Finance Committee (Directors Lieberknecht and Loudon) on February 9, 2006. Mr. Bill Jackson of MacFarlane, Faletti and Co. was present at the meeting and went over the financial information with the committee members. Mr. Jackson explained that the Financial Statements for the Fiscal Year ended June 30, 2005 include financial information from the previous fiscal year for comparison purposes. The meeting of the Finance Committee also included review of the Auditor's Memorandum of Advisory Comments (see copy attached).

The Finance Committee found the Financial Statements and the Auditor's Report to be in order and acceptable. Mr. Jackson has advised that his firm did not identify any management concerns or reportable conditions in conducting the audit. He is scheduled to attend the board meeting to highlight items in the Financial Statements and the Auditor's Report and to respond to questions, before the Board takes action on this item.

Also, as explained in Note 1 to the Financial Statements, unrestricted net assets identified in a given year are constructively returned to the Member Units in subsequent years. For the Fiscal Year ended June 30, 2005, the unrestricted net assets are in the amount of \$226,987. It is recommended that these monies be used to reduce operating assessments required from the Member Units for the 4th Quarter of the current Fiscal Year.

Sincerely,



Kate Rees
General Manager

w/attachments

COMB\Board FY2004_05 Audit Memo 021306

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CACHUMA OPERATION
AND MAINTENANCE BOARD

FINANCIAL STATEMENTS

JUNE 30, 2005 AND 2004

CACHUMA OPERATION AND MAINTENANCE BOARD

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

REED S. SPANGLER
SUSAN M. FRAZIER
JANE E. RUSSELL
GAIL H. ANIKOUCHINE
WILLIAM L. JACKSON

JAMES W. FISCHER
PRAJESH ACHARYA
JOHN B. C. HILL
JOE FRANCO

HARVEY K. LYNN,
CONSULTANT

Board of Directors
Cachuma Operation and Maintenance Board

We have audited the accompanying Statements of Net Assets of the Cachuma Operation and Maintenance Board (COMB) as of June 30, 2005 and June 30, 2004, and the related Statements of Activities and Changes in Net Assets and Cash Flows for the years then ended. These financial statements are the responsibility of COMB's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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SUITE 3
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LOS OLIVOS
CALIFORNIA 93441
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FAX (805)688-6440

E-MAIL cpa@mfc.com
WEBSITE www.mfco.com

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

The Cachuma Operation and Maintenance Board is interrelated to the Cachuma Conservation Release Board (CCRB). As explained in note 12 to the financial statements, the assets and activities of CCRB are not included in these financial statements.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Cachuma Operation and Maintenance Board as of June 30, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *Management's Discussion and Analysis* (MD&A) is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MacFarlane Faletti & Co. CPA

Santa Barbara, California
November 21, 2005

CACHUMA OPERATION AND MAINTENANCE BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2005

This section presents management's analysis of the financial condition and activities of the Cachuma Operation and Maintenance Board (COMB) for the fiscal year ended June 30, 2005. This information should be read in conjunction with the financial statements and the additional information included herewith.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Summary of Organization and Business

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

COMB currently has a staff of 15 full time employees. Of these, five are employed in an administrative capacity and ten are in field operations.

CACHUMA OPERATION AND MAINTENANCE BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

COMB is presently composed of five Member Units, all of which are public agencies: the Carpinteria Valley Water District, the Goleta Water District, the Montecito Water District, the Santa Ynez River Water Conservation District Improvement District No. 1, and the City of Santa Barbara. (A founding Member Unit of COMB, the Summerland Water District, reorganized effective December 5, 1995 with the Montecito Water District the successor in interest and responsible for all obligations, rights and interests of Summerland Water District. Another founding Member Unit of COMB, the Santa Ynez River Water Conservation District, assigned its rights and obligations under the Cachuma Master Contract 175r-1802 and its Member Unit water contract to Santa Ynez River Water Conservation District Improvement District No. 1 on August 9, 1993.)

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

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

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

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

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

CACHUMA OPERATION AND MAINTENANCE BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Assessments

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

Four of the Member Units, not including Santa Ynez RWCD ID No. 1, fund the operation and maintenance portion of the annual budget as well as the cost of special projects for other Cachuma Project storage and conveyance facilities that serve the South Coast of Santa Barbara County. These facilities include the Tecolote Tunnel, the South Coast Conduit (SCC), and four dams and reservoirs (Glen Anne, Lauro, Ortega and Carpinteria). During the year ended June 30, 2005 COMB conducted and/or completed a number of special studies and projects totaling over \$1.3 million using revenue provided by these assessments. These studies and projects included SCC improvement plans, life expectancy studies, and rehabilitation and betterment of control stations, valves and structures.

COMB Committees

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

CACHUMA OPERATION AND MAINTENANCE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

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

	Condensed Statements of Net Assets			
	Year Ended		Variance	
	30-Jun-05	30-Jun-04	Dollars Increase/(Decrease)	Percent
Current Assets	\$ 521,226	\$ 1,071,102	\$ (549,876)	-51.3%
Restricted Assets	396,141	209,934	186,207	88.7%
Property, Plant & Equipment	279,086	288,010	(8,924)	-3.1%
Other Assets	5,561,890	5,662,552	(100,662)	-1.8%
Total Assets	\$ 6,758,343	\$ 7,231,598	\$ (473,255)	-6.5%
Current Liabilities	\$ 705,620	\$ 913,949	\$ (208,329)	-22.8%
Long-Term Liabilities	5,590,496	5,706,357	(115,861)	-2.0%
Total Liabilities	6,296,116	6,620,306	(324,190)	-4.9%
Net Assets				
Invested in capital assets	235,240	230,678	4,562	2.0%
Unrestricted	226,987	380,614	(153,627)	-40.4%
Total Liabilities & Net Assets	\$ 6,758,343	\$ 7,231,598	\$ (473,255)	-6.5%

Statement of Net Assets Analysis

- Total assets as of June 30, 2005 are \$6.76 million, or \$0.47 million less than the June 30, 2004 amount; the changes are discussed below.
- Current assets are approximately \$0.55 million less than the prior year amount primarily due to the payment final payment of the contractor's 10% retention relating to the Bradbury radial gate project.
- Restricted assets are 88.7% more than the prior year amount due to an increase in payments by others (Central Coast Water Authority) for use of Cachuma Project facilities.
- The value of property, plant and equipment is slightly less than the prior year amount due to depreciation of COMB's fixed assets.

CACHUMA OPERATION AND MAINTENANCE BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

radial gates project) and long term assessments receivable (assessments to fund the Bradbury Dam SOD Act repayment contract).

- Current liabilities are \$0.21 million less than the prior year amount, primarily due to a decrease in accounts payable, as well as the obligation for the current portion of the above note (Bradbury Dam radial gates project loan).
- Long term liabilities are \$0.12 million less than the prior year amount due to the obligation for the long term portion of the above note (Bradbury Dam radial gates project loan).

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

	Year Ended		Variance	
	June 30, 2005	June 30, 2004	Dollars	Percent
Operating Revenues (Expenses)				
Operating Revenues	\$ 2,846,290	\$ 4,587,221	\$ (1,740,931)	-37.95%
Operating Expenses, excluding Depreciation Expense	2,799,893	5,111,333	(2,311,440)	-45.2%
Depreciation and Amortization	109,366	92,636	16,730	18.1%
Operating Income / (Deficit)	(62,969)	(616,748)	553,779	-89.79%
Non-operating Revenues	37,586	28,778	8,808	30.6%
Non-operating Expenses	(123,682)	(130,248)	6,566	5.3%
Change in Net Assets	\$ (149,065)	\$ (718,218)	\$ 569,153	-79.2%

Statement Analysis

- Operating Revenues as of June 30, 2005 are about \$1.74 million lower than the prior year amount. This decrease is primarily due to completion of the Bradbury Dam radial gates project in the prior year and a resultant reduction in the revenue needed to fund the budget for the year ended June 30, 2005 that included no improvement project of similar magnitude.
- Operating expenses, excluding depreciation and amortization expense, are about \$2.31 million lower than the prior year amount due primarily to completion of the Bradbury Dam radial gates project in the prior year as noted above.
- Non-operating expenses were consistent with the prior year and consisted primarily of the interest expense relating to the SOD Act contract payable interest.

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CACHUMA OPERATION AND MAINTENANCE BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets

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

	Capital Assets				
	Year Ended		Variance		
	June 30, 2005	June 30, 2004	Dollars	Percent	
			Increase/(Decrease)		
Vehicles	\$ 231,648	\$ 179,422	\$ 52,226	29.1%	
Office Furniture and Equipment	113,041	96,661	16,380	16.9%	
Field Equipment	284,120	256,045	28,075	11.0%	
Mobile Offices used for Facilities	97,803	97,803	0	0.0%	
Resurfacing	22,350	22,350	0	0.0%	
Total Capital Assets	\$ 748,962	\$ 652,281	\$ 96,681	14.8%	
Accumulated Depreciation	(469,876)	(364,271)	(105,605)	29.0%	
Net Capital Assets	\$ 279,086	\$ 288,010	\$ (8,924)	-3.1%	

Debt Administration

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

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

CACHUMA OPERATION AND MAINTENANCE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Administration (Continued)

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

Budget and Actual Results

The following narrative discussion provides information on COMB's budget and actual results for the year ended June 30, 2005. A table in the Supplemental Information section at the end of this report provides a numerical summary of COMB's budget and actual results for the year.

- Operating assessments from the Member Units include amounts for operating expenses and interest payments for the loan referenced above under Debt Administration.
- Budgeted operating assessments exclude interest and other credits which are applied against the current year invoices as the credits are received by COMB.
- Interest and other credits applied against operating reimbursements include interest income credits on all cash balances and the FY 2004/05 year-end credits payable to the Member Units for unexpended operating assessments.
- Operation and Maintenance Expense stayed within the overall O&M budget, although vehicle maintenance and certain other expenses were more than anticipated.
- General and Administrative Expense stayed within the overall G&A budget. COMB experienced some cost savings in insurance as compared to budget.
- Other Maintenance Expense (for Special Projects) also stayed within the overall budget during the year, while a great deal of beneficial work was accomplished by COMB staff and COMB contractors and consultants: This included in particular Special Projects such as SCC improvement plans, designs and life expectancy studies and over \$1 Million in rehabilitation and betterment work on Cachuma Project facilities at Lake Cachuma and on the Santa Barbara County South Coast.

Variances Between Original Budget and Final Budget

In the current year the Board of Directors approved the augmentation of the budget by the prior years' net assets available to be constructively returned. The funds were used to augment the SCC valves and control station rehabilitation by \$250,000 and litigation by \$130,614.

CACHUMA OPERATION AND MAINTENANCE BOARD
STATEMENTS OF NET ASSETS
JUNE 30, 2005 AND 2004

ASSETS

	2005	2004
Current Assets:		
Cash (Note 2)	\$ 56,927	\$ 63,521
Investments (Note 2)	306,500	867,305
Receivable from related entity (Note 12)	28,729	32,001
Receivable - FEMA/O.E.S. (Note 13)	16,399	-
Accrued interest receivable	2,485	3,014
Prepaid insurance	9,108	8,896
Current portion of long-term accounts receivable (Note 4)	53,937	51,832
Current portion of SOD Act assessments receivable (Note 5)	47,141	44,533
Total current assets	521,226	1,071,102
Restricted Cash (Note 3)	396,141	209,934
Capital Assets (Note 6)		
Vehicles	231,648	179,422
Office furniture and equipment	113,041	96,661
Field equipment	284,120	256,045
Mobile Offices used for facilities	97,803	97,803
Resurfacing	22,350	22,350
Subtotal	748,962	652,281
Less: accumulated depreciation	(469,876)	(364,271)
Capital assets, net	279,086	288,010
Other Assets		
Long-term accounts receivable (Note 4)	114,647	168,168
Long-term assessments receivable SOD Act (Note 5)	5,447,243	5,494,384
Total other assets	5,561,890	5,662,552
Total Assets	\$ 6,758,343	\$ 7,231,598

Continued

CACHUMA OPERATION AND MAINTENANCE BOARD
STATEMENTS OF NET ASSETS
JUNE 30, 2005 AND 2004

LIABILITIES AND NET ASSETS

	2005	2004
Current Liabilities:		
Accounts payable	\$ 86,093	\$ 502,241
Accrued wages	27,682	21,371
Accrued vacation and sick leave benefits	79,386	70,511
Payable to related entity (Note 3)	396,141	209,934
Current portion of capital lease (Note 7)	15,240	13,527
Current portion of note payable (Note 8)	53,937	51,832
Current portion of SOD Act contract payable (Note 5)	47,141	44,533
Total Current Liabilities	705,620	913,949
Long-term liabilities:		
Capital lease, net of current portion (Note 7)	28,606	43,805
Note payable, net of current portion (Note 8)	114,647	168,168
SOD Act contract payable, net of current portion (Note 5)	5,447,243	5,494,384
Total Long-term liabilities	5,590,496	5,706,357
Total Liabilities	6,296,116	6,620,306
Commitments and contingencies (Note 13)		
Net Assets		
Invested in capital assets, net of related debt	235,240	230,678
Unrestricted:		
Designated to be constructively returned	226,987	380,614
Total Net Assets	\$ 462,227	\$ 611,292

CACHUMA OPERATION AND MAINTENANCE BOARD
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Operating Revenues:		
Operating assessments from member agencies	\$ 2,846,290	\$ 4,587,221
Operating Expenses:		
Operation and maintenance of Cachuma Project:		
Operation and maintenance	805,142	687,460
General and administrative	476,411	468,496
Litigation	173,928	67,082
Other maintenance	1,344,412	3,888,295
Depreciation	109,366	92,636
Total Operating Expenses	<u>2,909,259</u>	<u>5,203,969</u>
Net Operating Loss	<u>(62,969)</u>	<u>(616,748)</u>
Non-operating Revenues and (Expenses)		
Interest income	15,773	16,598
Other revenues	5,414	12,180
State disaster relief funds	16,399	-
Interest expense	(128,782)	(125,904)
Gain (loss) on sale/disposal of assets	5,100	(4,344)
Total Non-operating Revenues and (Expenses)	<u>(86,096)</u>	<u>(101,470)</u>
Change in Net Assets	(149,065)	(718,218)
Total Net Assets, Beginning of Year	<u>611,292</u>	<u>1,329,510</u>
Total Net Assets, End of Year	<u>\$ 462,227</u>	<u>\$ 611,292</u>

CACHUMA OPERATION AND MAINTENANCE BOARD
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>Cash Flows from Operating Activities:</u>		
Cash received from member agencies	\$ 2,933,790	\$ 4,409,291
Cash payments to suppliers for operations	(2,620,410)	(4,516,325)
Cash payments to employees	(568,520)	(507,076)
Net Cash Used by Operating Activities	<u>(255,140)</u>	<u>(614,110)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>		
Increase in restricted assets	(186,207)	(16,314)
Increase in deposits held for related entity	186,207	16,314
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of capital assets	(95,444)	(55,969)
Proceeds from sale of assets	5,100	-
Proceeds from loan	-	220,000
Principal payments on note payable	(51,416)	-
Principal payments on capital lease	(13,486)	(11,875)
Principal payments on SOD Act contract payable	(44,533)	(42,070)
Interest payments on note payable	(8,445)	(3,104)
Interest payments on SOD Act contract payable	(120,337)	(122,800)
Net Cash Flows Used by Capital and Related Financing Activities	<u>(328,561)</u>	<u>(15,818)</u>
<u>Cash Flows From Investing Activities:</u>		
Interest received	16,302	16,391
Purchase of investments	(2,982,195)	(4,535,431)
Proceeds from redemptions of investments	3,543,000	4,322,000
Net Cash Flows Provided/(Used) by Investing Activities	<u>577,107</u>	<u>(197,040)</u>
Net Decrease in Cash	(6,594)	(826,968)
Cash and Cash Equivalents - Beginning of Year	<u>63,521</u>	<u>890,489</u>
Cash and Cash Equivalents - End of Year	<u>\$ 56,927</u>	<u>\$ 63,521</u>

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See accompanying notes

CACHUMA OPERATION AND MAINTENANCE BOARD
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>Reconciliation of net operating loss to net cash</u>		
<u>provided by operating activities</u>		
Net operating loss	\$ (62,969)	\$ (616,748)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	109,366	92,636
Changes in operating assets and liabilities:		
Receivable from related entity	3,272	7,332
Prepaid insurance	(212)	-
Receivable from member unit	51,832	(220,000)
Current portion of SOD Act assessment receivable	44,533	42,070
Accounts payable	(416,148)	61,878
Accrued wages	6,311	7,981
Accrued vacation and sick leave benefits	8,875	10,741
 Net Cash Used by Operating Activities	 <u>\$ (255,140)</u>	 <u>\$ (614,110)</u>

See accompanying notes

CACHUMA OPERATION AND MAINTENANCE BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Reporting Entity

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

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

Principles of Presentation

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

Cash

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

Property and Equipment

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

CACHUMA OPERATION AND MAINTENANCE BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Accrued Vacation and Sick Pay

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

Unspent Operating Assessments

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

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Significant estimates used in preparing these financial statements are the lives of capitalized assets. It is at least reasonably possible that the significant estimates used will change within the next year.

NOTE 2: CASH AND INVESTMENTS

Cash:

At June 30, 2005 and 2004 the carrying amounts of cash in banks were \$56,927 and \$63,521 and the corresponding bank balances were \$207,741 and \$85,566 respectively. Of the bank balances at June 30, 2005 and 2004, \$100,000 and \$85,566, respectively, were covered by federal depository insurance and \$107,741 for 2005 were secured with collateral. The California Government Code requires all California financial institutions to secure a local government agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of an agency's deposits. California law also allows financial institutions to secure agency deposits by pledging first trust deed mortgage notes having a value of 150% of the agency's total deposits. All COMB cash held by a financial institution is, therefore, entirely insured or collateralized.

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO FINANCIAL STATEMENTS

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments:

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

In accordance with governmental accounting standards, investments are categorized by level of credit risk assumed at year end. Category 1 includes investments that are insured or registered or for which the securities are held by COMB or its agent in COMB's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in COMB's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, by its trust department or agency but not in COMB's name. All of COMB's investments are noncategorized at June 30, 2005 and 2004.

Short-term investments consist of deposits with the Local Agency Investment Fund, a fund established by the State of California to assist local agencies in the achievement of maximum earnings. The interest rate on the Local Agency Investment Fund deposit varies. For the years ended June 30, 2005 and 2004, the average earnings rate was approximately 2.256% and 1.532%, respectively. The amounts on deposit as of June 30, 2005 and 2004 were \$306,500 and \$867,305, respectively.

Investment Risk:

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

Credit Risk:

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

At June 30, 2005, the District's investments, other than those which are obligations of or guaranteed by the U.S. Government, are rated as to credit quality as follows:

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CACHUMA OPERATION AND MAINTENANCE BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 2: CASH AND INVESTMENTS (Continued)

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

Custodial Credit Risk:

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

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

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

Concentration of Credit Risk:

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

Interest Rate Risk:

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

Foreign Currency Risk:

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

CACHUMA OPERATION AND MAINTENANCE BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 3: RESTRICTED CASH

The Cachuma Project Master Contract Renewal Fund (Renewal Fund) and Cachuma Project Trust Fund (Trust Fund) are two separate funds that have been established through contracts with the U.S. Bureau of Reclamation (Reclamation). These two funds have similar but not identical purposes.

The Trust Fund is a requirement of the Warren Act contract that the Central Coast Water Authority (CCWA) negotiated with Reclamation for the use of the

Cachuma Project for transport of State Water Project (SWP) water through Cachuma Project facilities.

The Renewal Fund is a requirement of the renewal Master Contract for water service from the Cachuma Project to the five Cachuma Project Member Units.

The memorandum of understanding (MOU) creating the Trust Fund established a two person Fund Committee and an Advisory Committee. The MOU specified that five years after SWP water was first delivered to Lake Cachuma, the County representative would take the place of Reclamation on the Fund Committee, and that Reclamation would participate on the Advisory Committee. This change in representation began with the 2003 Water Year.

The Cachuma Project Renewal Master Contract is mostly silent on the process for managing the Renewal Fund, other than stating that the Fund Committee must agree on its use. Both funds require annual and five-year plans. Reclamation and the Cachuma Project Member Units agreed to use the committee process for both funds and to have common annual and five-year plans. The Member Units appoint their committee representative through the Cachuma Operation and Maintenance Board (COMB) or the Cachuma Conservation Release Board (CCRB). COMB manages both the Trust Fund and the Renewal Fund accounts. The Santa Barbara County representative is appointed from the County Water Agency by the County Board of Supervisors.

There has been general consensus reflected in each of the Annual and Five-Year Plans to-date, that the combined funds should be used for environmental studies related to the Cachuma Project water rights hearings before the State Water Resources Control Board.

Summary of restricted cash as of June 30:

	<u>2005</u>	<u>2004</u>
Trust Fund	\$ 390,757	\$ 204,627
Renewal Fund	<u>5,384</u>	<u>5,307</u>
Total Cash	<u>\$ 396,141</u>	<u>\$ 209,934</u>

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CACHUMA OPERATION AND MAINTENANCE BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 4: ACCOUNTS RECEIVABLE

In the 2004 year COMB obtained financing on behalf of Carpinteria Valley Water District for a portion of the special project assessment relating to the Bradbury Dam radial gates project. Carpinteria Valley Water District is solely responsible for the repayment of the loan principal and interest associated with the financing arrangement. See note 8 for the terms and payment schedule of the loan. Management deems the accounts receivable to be fully collectable.

NOTE 5: SOD ACT ASSESSMENTS RECEIVABLE AND CONTRACT PAYABLE

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

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

The total cost of the Bradbury Dam SOD Act project is to be reevaluated and the repayment agreement amended as necessary by Reclamation and COMB when all phases of the work are finally completed. This is expected to be done in 2006. Reclamation can also reevaluate the ability of COMB's Member Units to repay the Irrigation Allocation every five years, commencing in fiscal year end 2008. No adjustment has been made to the irrigation allocation balance to reflect a discount due to the non-interest bearing feature of the contract.

CACHUMA OPERATION AND MAINTENANCE BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 5: SOD ACT ASSESSMENTS RECEIVABLE AND CONTRACT PAYABLE Continued)

COMB will assess the Member Units annually amounts equal to the obligation due the United States. The annual payment requirements at June 30, 2005 to retire the contract as of June 30, 2052, including interest payments at 5.856%, without adjustments due to reevaluations are as follows:

<u>Year Ended June 30</u>	<u>M&I Allocation</u>		<u>Irrigation Allocation</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>		
2006	\$ 47,141	\$ 117,729	\$ -	\$ 164,870
2007	49,902	114,886	-	164,870
2008	52,824	112,046	-	164,870
2009	55,917	108,953	-	164,870
2010	59,192	105,678	-	164,870
2011-2015	352,196	472,154	-	824,350
2016-2020	468,126	356,224	387,112	1,211,462
2021-2025	622,214	202,675	483,887	1,308,237
2026-2030	302,883	26,400	483,887	813,627
2031-2035	-	-	483,887	483,887
2036-2040	-	-	483,887	483,887
2041-2045	-	-	483,887	483,887
2046-2050	-	-	483,887	483,887
2051-2052	-	-	193,555	193,555
	<u>\$2,010,395</u>	<u>\$1,616,745</u>	<u>\$3,483,989</u>	<u>\$ 7,111,129</u>

The interest expense for the SOD Act contract payable was \$120,337 and \$122,800 for the years ended June 30, 2005 and 2004 respectively.

Management deems the assessments receivable to be fully collectable.

CACHUMA OPERATION AND MAINTENANCE BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 6: CAPITAL ASSETS

The following is a summary of capital assets which include property plant and equipment:

	<u>June 30,</u> <u>2004</u>	<u>Additions/</u> <u>reclassifications</u>	<u>Dispositions</u>	<u>June 30,</u> <u>2005</u>
Vehicles	\$ 179,422	\$ 55,987	\$ (3,761)	\$ 231,648
Office furniture and equipment	96,661	16,380	-	113,041
Field Equipment	256,045	28,079	-	284,120
Mobile Offices used for facilities	97,803	-	-	97,803
Resurfacing	<u>22,350</u>	<u>-</u>	<u>-</u>	<u>22,350</u>
Total property	652,281	100,446	(3,761)	748,962
Less: accumulated depreciation	<u>(364,271)</u>	<u>(109,366)</u>	<u>3,761</u>	<u>(469,876)</u>
Net property	<u>\$ 288,010</u>	<u>\$ (8,920)</u>	<u>\$ 0</u>	<u>\$ 279,086</u>

NOTE 7: CAPITAL LEASE OBLIGATIONS

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

	<u>2005</u>	<u>2004</u>
Caterpillar Backhoe Loader payment is due in monthly installments of \$1,294, including interest at 4%, final payment is due in May, 2008. The equipment has a recorded value of \$70,501 with accumulated depreciation of \$29,321 and \$15,221 as of June 30, 2005 and 2004 respectively.	\$ <u>43,846</u>	\$ <u>57,332</u>
Less current portion	<u>(15,240)</u>	<u>(13,527)</u>
Long-term portion	\$ <u>28,606</u>	\$ <u>43,805</u>

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CACHUMA OPERATION AND MAINTENANCE BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 7: CAPITAL LEASE OBLIGATIONS (Continued)

The following is a schedule of the minimum payments required under the lease together with the present value at June 30, 2005:

2006	15,529
2007	15,529
2008	<u>15,528</u>
Total minimum lease payments	46,586
Amount representing interest	<u>(2,740)</u>
Present Value of Lease Obligation	<u>\$ 43,846</u>

Interest expense on the capital lease for the year ended June 30, 2005 and 2004 was \$2,047 and \$2,532 respectively. Total amortization expense for this equipment for the year ended June 30, 2005 and 2004 was \$14,046 and \$14,046 respectfully.

NOTE 8: NOTE PAYABLE

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

The future principal payments as of June 30, 2005 are summarized as follows:

2006	53,937
2007	56,543
2008	<u>58,104</u>
Total note payable	168,584
Current portion	<u>(53,937)</u>
Long term portion	<u>\$ 114,647</u>

Interest expense for this loan for the year ended June 30, 2005 and 2004 was \$3,104 and \$8,445 respectfully.

Changes in long term debt amounts for the year were as follows:

<u>Long Term Debt</u>	<u>Balance</u> <u>2004</u>	<u>Addition</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>2005</u>
SBB&T Loan	\$ 220,000	-	\$ 51,416	\$ 168,584
SOD Act Contract	<u>5,538,917</u>	-	<u>44,533</u>	<u>5,494,384</u>
Total Long Term Debt	<u>\$ 5,758,917</u>	-	<u>\$ 95,949</u>	<u>\$ 5,662,968</u>

CACHUMA OPERATION AND MAINTENANCE BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 9: JOINT POWERS INSURANCE AUTHORITY

COMB participates in the property and liability program organized by the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA). ACWA/JPIA is a Joint Powers Authority created to provide a self-insurance program to water agencies in the state of California. The ACWA/JPIA is not a component unit of COMB for financial reporting purposes, as explained below.

The Board is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2005, the Board participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: total risk financing self-insurance limits of \$1,000,000, combined single limit at \$1,000,000 per occurrence. The Board purchased additional excess coverage layers: \$40 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

In addition to the above, the Board also has the following insurance coverage:

- Employee dishonesty coverage up to \$100,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$50 million per occurrence, subject to a \$2,500 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to various deductibles depending on the type of equipment.
- Public officials personal liability up to \$100,000 each occurrence, with an annual aggregate of \$100,000 per each elected/appointed official to which this coverage applies, subject to the terms, with a deductible of \$1,000 per claim.

CACHUMA OPERATION AND MAINTENANCE BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 9: JOINT POWERS INSURANCE AUTHORITY (Continued)

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Board's insurance coverage during the years ending June 30, 2005 and 2004. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2005 and 2004.

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

NOTE 10: DEFINED BENEFIT PENSION PLAN

Plan Description

COMB contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan (PERS Plan). PERS provides retirement and disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statutes and Board resolution. Copies of the PERS' annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members in the PERS Plan are required to contribute 7% of their annual covered salary. COMB pays this amount to PERS on behalf of their employees. The required employer contribution rates for 2005 and 2004 were 5.215% and 0.00% respectively. The contribution rate is established and may be amended by PERS.

CACHUMA OPERATION AND MAINTENANCE BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)

Annual Pension Cost

For fiscal years 2005 and 2004 COMB's annual pension cost (APC) of \$69,117 and \$56,920 respectively for PERS was equal to COMB's required and actual contributions. The required contribution was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected annual salary increases that vary by duration of service, (c) inflation of 3.0% and (d) 3.25% overall payroll growth.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS, which was 1958. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

Three-Year Trend Information for PERS

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/01	38,674	100%	0
6/30/02	44,776	100%	0
6/30/03	51,495	100%	0

CACHUMA OPERATION AND MAINTENANCE BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)

Required supplementary information

Funded Status of the PERS Plan

Valuation Date	Entry Age Normal Accrued UAAL as a Liability	Actuarial Value of Assets	Unfunded/ (Over funded) Liability	Funded Status	Annual Payroll	Covered % of Payroll
6/30/01	\$1,223,828	\$1,822,884	\$ (599,056)	148.9%	\$ 639,957	(93.6%)
6/30/02	1,544,906	1,776,962	(232,056)	115.0%	674,429	(34.4%)
6/30/03	1,984,938	1,904,168	80,770	95.9%	773,198	10.4%

NOTE 11: DEFERRED COMPENSATION PLAN

COMB offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all COMB employees, permits them to defer a portion of their salary until future years. Contributions made by COMB for the employees to the plan for the years ended June 30, 2005 and 2004 were \$53,686 and \$45,086 respectively.

NOTE 12: RELATED PARTY TRANSACTIONS

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

COMB has an Employee Services Agreement with CCRB and ID#1. The costs of materials & supplies, and salaries and related benefits for services performed by COMB under the Employee Services Agreement are recorded by CCRB as operating expenses. CCRB assesses its 4 Member Units to fund 89.69% of this obligation and receives the 10.31% balance from ID#1, in accordance with provisions of the Employee Services Agreement. These items are not shown as operating expenses in these financial statements. As of June 30, 2005 and 2004, CCRB owed COMB \$28,729 and \$32,001, respectively for these services.

COMB receives and remits the Restricted Cash as described in Note 3 to CCRB.

CACHUMA OPERATION AND MAINTENANCE BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 13: COMMITMENTS AND CONTINGENCIES

Legal Proceedings

COMB is involved in certain matters of litigation that have arisen in the course of conducting business. Specifically, there exists one case of pending litigation: Crawford-Hall v. COMB, Superior Court of California, County of Santa Barbara, Case No. 1171135. While it is not possible to predict the outcome, it is the opinion of management and its legal counsel that the proceedings will not have a material adverse effect on the financial statements of COMB.

1993 Cachuma Project Authority (CPA) Bonds

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

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

Lauro Dam SOD Act Modification Project

The United States Bureau Reclamation and COMB have prepared a repayment agreement for execution for the Lauro Dam SOD Act modification project. Lauro Dam is a Cachuma Project facility on the Santa Barbara County South Coast. The modification project is to improve the dam's seismic stability. When the Lauro Dam SOD Act modification project is completed, COMB and its Member Units will be responsible for reimbursement of 15% of the total modification costs incurred by the United States. The maximum expected total cost of the modifications is \$17,314,125. The primary contract for construction of the modification project was awarded by Reclamation in September 2005 and the work is expected to be substantially completed in the latter part of 2006 (federal fiscal year 2007).

CACHUMA OPERATION AND MAINTENANCE BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 13: COMMITMENTS AND CONTINGENCIES (Continued)

Lauro Dam SOD Act Modification Project (Continued)

The Lauro Dam SOD Act repayment agreement will have a 50-year term and other terms and conditions similar to the Bradbury Dam SOD Act repayment agreement. The first payment of the Lauro Dam repayment obligation is expected to be made on October 1, 2008. As of June 30, 2005, Reclamation has expended \$1,226,737 on the Lauro Dam SOD Act modification project, and the 15% repayment obligation as of that date was \$184,010.

2005 Winter Storm Damage Repair Projects

In the current year COMB identified 13 potential project sites that suffered damage from the winter storms of 2005. These project sites were found to be eligible for approximately \$144,160 in disaster relief assistance from the *Federal Emergency Management Agency (FEMA)* and the *State of California Governor's Office of Emergency Services (OES)*. COMB incurred \$16,399 of repair costs in the current year relating to these project sites. Subsequent to year end *FEMA/OES* reimbursed COMB for the funds associated with these expenditures. In addition, subsequent to year end COMB received \$89,695 from *FEMA/OES* for repair work to be performed after year end.

Task Orders

At year end COMB had four open task orders with one contractor totaling \$178,340. The task orders related to the South Coast Conduit Reliability Study for \$124,591, phase one of the preliminary design inline valves for \$27,546, Corona Del Mar turnout structure improvements for \$10,901 and the Cater booster pump station operations plan for \$15,302.

NOTE 14: COMPARATIVE INFORMATION

The presentation of the June 30, 2004 financial statements has been modified to conform with the June 30, 2005 presentation.

SUPPLEMENTAL INFORMATION

CACHUMA OPERATION AND MAINTENANCE BOARD
SUPPLEMENTAL SCHEDULE OF OPERATION AND MAINTENANCE
GENERAL AND ADMINISTRATIVE AND OTHER MAINTENANCE EXPENSE
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Operation and Maintenance Expense:		
Salaries and benefits	\$ 583,706	\$ 524,870
Contract labor	94,895	69,907
Equipment	7,720	6,080
Equipment rental	3,019	20,971
Materials and supplies	54,865	13,879
Vehicle maintenance	24,009	16,610
Other expenses	<u>36,928</u>	<u>35,143</u>
Total Operation Expense	<u>\$ 805,142</u>	<u>\$ 687,460</u>
General and Administrative Expense:		
General manager's salary	\$ 101,425	\$ 97,000
Administrative manager's salary	80,133	78,331
Administrative assistant's salary	47,833	46,149
Accrued wages and vacation	8,142	10,352
Directors fees and expenses	9,879	11,077
Legal and audit	66,538	72,410
Liability insurance	27,676	30,548
Health insurance and workers compensation	43,430	45,044
Retirement plan contributions	27,421	23,274
Payroll tax expense	17,689	17,440
Office supplies and expense	6,009	7,706
Administrative travel and conferences	1,335	2,469
Membership dues	4,396	5,065
Employee training	1,653	2,136
Public information	915	172
Other expenses	<u>31,937</u>	<u>19,323</u>
Total General and Administrative Expense	<u>\$ 476,411</u>	<u>\$ 468,496</u>
Other Maintenance Expense:		
SCC hydraulic capacity study	\$ -	\$ 18,789
Flow meter upgrades and SCADA system	5,587	169,612
Seismic Consultant	1,058	1,063
COMB office/ garage building	51,778	15,566
SCC improvement plan and design	93,851	64,566
SCC life expectancy study	69,935	64,201
North portal rehabilitation	156,933	69,042
SCC valves and control station rehabilitation	663,057	346,822
SCC structure rehabilitation	262,108	137,342
Bradbury Dam Radial Gates project	10,769	3,001,292
GIS and mapping	12,937	-
Storm damage	<u>16,399</u>	<u>-</u>
Total Other Maintenance Expense	<u>\$ 1,344,412</u>	<u>\$ 3,888,295</u>

CACHUMA OPERATION AND MAINTENANCE BOARD
SUPPLEMENTAL SCHEDULE OF OPERATION AND MAINTENANCE, GENERAL AND ADMINISTRATIVE,
OTHER MAINTENANCE EXPENSE AND OTHER BUDGETED EXPENSES
ACTUAL TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance- Favorable (Unfavorable)
	Original	Final		
Operation and Maintenance Expense:				
Salaries and benefits	\$ 604,178	\$ 604,178	583,706	\$ 20,472
Contract labor	85,500	85,500	94,895	(9,395)
Equipment	57,000	57,000	7,720	49,280
Equipment rental	40,000	40,000	3,019	36,981
Materials and supplies	30,000	30,000	54,865	(24,865)
Vehicle maintenance	17,000	17,000	24,009	(7,009)
Other expenses	38,390	38,390	36,928	1,462
Total Operation Expense	\$ 872,068	\$ 872,068	\$ 805,142	\$ 66,926
General and Administrative Expense:				
General manager's salary	\$ 101,425	\$ 101,425	\$ 101,425	\$ -
Administrative manager's salary	80,140	80,140	80,133	7
Administrative assistant's salary	47,664	47,664	47,833	(169)
Accrued wages and vacation	-	-	8,142	(8,142)
Directors fees and expenses	10,705	10,705	9,879	826
Legal and audit	75,000	75,000	66,538	8,462
Liability insurance	39,000	39,000	27,676	11,324
Health insurance and workers compensation	45,377	45,377	43,430	1,947
Retirement plan contributions	28,345	28,345	27,421	924
Payroll tax expense	17,536	17,536	17,689	(153)
Office supplies and expense	8,000	8,000	6,009	1,991
Administrative travel and conferences	5,000	5,000	1,335	3,665
Membership dues	4,548	4,548	4,396	150
Employee training	4,100	4,100	1,653	2,447
Public information	2,000	2,000	915	1,085
Other expenses	41,603	41,603	31,937	9,666
Total General and Administrative Expense	\$ 510,441	\$ 510,441	\$ 476,411	\$ 34,030
Other Maintenance Expense:				
Flow meter upgrades and SCADA system	\$ 50,000	\$ 50,000	\$ 5,587	\$ 44,413
Seismic Consultant	5,000	5,000	1,058	3,942
COMB office/garage building	50,000	50,000	51,778	(1,778)
SCC improvement plan and design	95,000	95,000	93,851	1,149
SCC life expectancy study	70,000	70,000	69,935	65
North portal rehabilitation	280,000	280,000	156,933	123,067
SCC valves and control station rehabilitation	380,000	630,000	663,057	(33,057)
SCC structure rehabilitation	280,000	280,000	262,108	17,892
Bradbury Dam radial gates project	-	-	10,769	(10,769)
GIS and mapping	100,000	100,000	12,937	87,063
Storm damage	-	-	16,399	(16,399)
Total Other Maintenance Expense	\$ 1,310,000	\$ 1,560,000	\$ 1,344,412	\$ 215,588
Other Budgeted Expenses:				
Litigation	\$ 25,000	\$ 155,614	\$ 173,928	\$ (18,314)

November 21, 2005

REED S. SPANGLER
SUSAN M. FRAZIER
JANE E. RUSSELL
GAIL H. ANIKOUCHINE
WILLIAM L. JACKSON

JAMES W. FISCHER
PRAJESH ACHARYA
JOHN B.C. HILL
JOE FRANCO

HARVEY K. LYNN,
CONSULTANT

Board of Directors
Cachuma Operation and Maintenance Board
3301 Laurel Canyon Road
Santa Barbara, CA 93105-2017

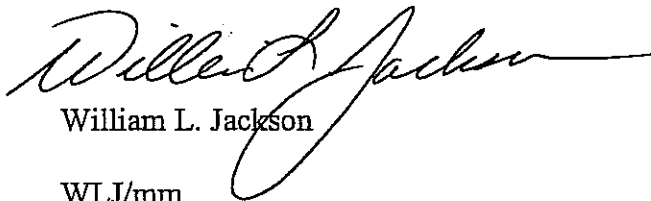
In planning and performing our audit of the financial statements of the Cachuma Operation and Maintenance Board (COMB), for the year ended June 30, 2005, we considered the organization's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during the audit, we became aware of a few matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated November 21, 2005 on the financial statements of COMB. The two page memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

MacFARLANE, FALETTI & CO., LLP



William L. Jackson

WLJ/mm

Enclosure

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CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM OF ADVISORY COMMENTS

JUNE 30, 2005

CURRENT YEAR COMMENTS

Account coding

Task #7 was coded to Account number 6040 (SCC-Hydraulic Capacity study), a special project expense account, in the prior year. The task was not completed in the prior year. The final bills received in the current year were included account number 3304 (Contract labor – engineering, miscellaneous services), an operations and maintenance account, because no budget was allowed for the task under account number 6040 in the current year. In addition the expense was moved from a special project category to the operations and maintenance section of the financials. Account coding should be consistent and expenses should be charged to the appropriate account regardless of whether a current year budget allocation exists or not. We recommend that how a particular task is recorded from year to year remain consistent. Management has advised us that the board was informed of this change.

We noted another instance of inconsistent account coding in which one general ledger account was designated and approved on the invoice. The expense related to the invoice, however, was recorded in a different account.

Computer software

An older version of Quick Books is now used for the accounting records. The older version more readily allows manipulation because the audit trail can be turned on and off which allows for some one to make changes to transactions without leaving evidence of the changes. We recommended that the current software be updated to the 2006 version of Quick Books or other appropriate alternatives. Management has agreed with these comments and will be reviewing new alternatives.

PRIOR YEAR COMMENTS

Account Balances

During our 2004 fieldwork, we noted that the balances in the prepaid insurance and interest receivable accounts had not changed from the prior year. The accounts were not being utilized during the year to track activity that should impact these accounts. Management advised that they would make the appropriate adjustments to the accounts on an annual basis.

Current status: We are pleased to report that the adjustments to prepaid insurance and interest receivable were correctly made as of June 30, 2005.

DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
MP CONSTRUCTION OFFICE



BI-WEEKLY CONSTRUCTION UPDATE

(January 23rd to February 3rd 2006)

LAURO DAM CONSTRUCTION PROJECT
CACHUMA PROJECT
SPECIFICATION NO. 20-C0634
CONTRACT NO. 05SP203045



Lauro Dam Construction Project

Contractor A.J.Diani

View of Lauro Dam downstream toe and stockpile area, looking from right abutment crest.

Photo by: R. Garcia

Date: 2-3-06



Lauro Dam Construction Project

Contractor A.J.Diani

View of Specialty Crane's Liebherr 100-ton truck mounted boom crane during load testing prior to operation

Photo by: R. Garcia

Date: 1-27-06

ITEM # 12

PAGE 1

**BI -WEEKLY CONSTRUCTION UPDATE
FOR THE LAURO DAM CONSTRUCTION PROJECT**
Work for the period covering:
January 23, 2006 to February 3, 2006

Field Engineer: Bil Hawkins
Const. Mgr: Reynaldo E. Garcia
Const. Rep: Louis Campbell

Contractor: A.J. Diani Construction Co.
Subcontractors: Penfield & Smith (Surveyors)
Specialty Crane (Liebherr 100-ton crane)

Number of contractor employees on site this week: (6)
Number of subcontractor employees on site this week: (2)

Weather: Weather the past two weeks has been predominantly clear and sunny with high temperatures ranging between 60 and 78 degrees Fahrenheit and low temperatures ranging between 38 and 43 degrees Fahrenheit.

Safety: The contractor installed a temporary chain link fence across the road leading from the job site down to Lauro Canyon as people have been tearing down the orange construction fence, originally placed there, and entering the construction site on the weekends. The Contractor performed satisfactory safety and brake tests on two new pieces of equipment which were mobilized onsite, a CAT 950E front end loader and a CAT CP-433C vibratory sheepsfoot compactor. On Friday 1/27/06 the Contractor performed a satisfactory safety inspection and load test on Specialty Crane's Liebherr 100-ton crane, which was used to set the inspection well base and riser sections.

Work Performed;

Activity #C010 Set Insp. Well & Tie RCP:

The Contractor removed a section of asphalt inside the COMB maintenance yard to allow them to excavate for the inspection well and tie-in to the existing 24-inch concrete pipe. The Contractor using a CAT 330B L excavator completed excavation for the inspection well pre-cast concrete base. Penfield and Smith surveyors, surveyed in coordinate points and control for the inspection well and fault drain excavations. The Contractor completed performing special compaction underneath the base of the inspection well by the use of diesel, vibrating tampers. With the use of Specialty Crane's Liebherr 100-ton crane the Contractor completed setting the inspection well pre-cast, concrete base, one (1) 4-foot riser section, one (1) 18-inch riser section and one (1) 1-foot riser section. All sections were sealed using Sikaflex-1A elastomeric sealant. The Contractor completed grouting the inlet and outlet 18-inch HDPE pipes at the inspection well using 5000-psi non-shrink grout. The Contractor completed forming and rebar installation for both the weir wall located inside the inspection well and the concrete collar for the fault drain tie into the existing 24-inch concrete pipe. The weir wall and concrete collar was placed on Friday 2/3/06.

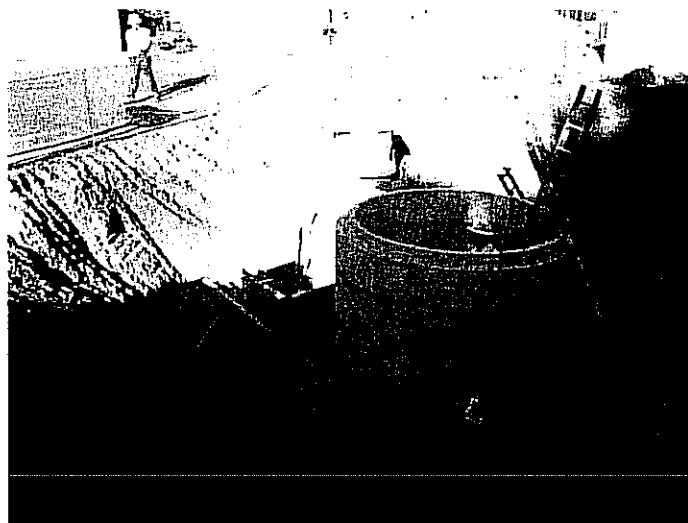
Activity C430 Grizzly Separation of Zone 3 Material:
One operator apprentice using the Caterpillar 966F Front End Loader hauled material from the fault drain excavation and placed them on the RD-90A Grizzly with it's hydraulic shaker in action and produced zone 3 material (3-inch minus) that was subsequently stockpiled for backfill of the Inspection well and fault drain pipe. The same operation was used to produce 12-inch minus material, but the material was placed on the stationary 12-inch Grizzly rather than the vibratory 3-inch Grizzly.

Activity #M010 Mobilization and Preparatory Work:
One (1) CAT CP-433C Vibratory Sheepsfoot Compactor and one (1) CAT 950E front end loader were mobilized onsite.

Miscellaneous:

The Contractor performed adequate dust abatement throughout the site on a regular basis using a 2-inch fire hose.

RFC #1; The contractor submitted a Request for Change with a provided field acceptable solution to redesign the concrete weir wall inside the inspection well, as the original design would have left the bottom of the V-notch 0.08' below the design invert elevation of the outlet pipe (el. 426.33). The re-designed concrete weir wall has left the V-notch 0.04' above the inlet pipe invert (el. 427.33).



Lauro Dam Construction Project

Contractor A.J.Diani

View of Inspection well with three (3) pre-cast concrete riser sections installed. Photo taken prior to concrete placement of weir wall and concrete collar tie in.

Photo by: R. Garcia

Date: 2-3-06

ITEM # 12
PAGE 2

**Meeting with the Bureau of Reclamation
Mid-Pacific Water User's Conference
held at Eldorado Hotel, Reno, NV
January 18, 2006**

Re: Reclamation Assistance with Cachuma Issues

Those in attendance were:

RECLAMATION MEMBERS:

Kirk Rodgers
John Davis
Bill Luce
Michael Jackson
Kathy Wood
Tony Buelna
Donna Tegleman
Other Reclamation representatives

CACHUMA MEMBERS:

Kate Rees
Chris Dahlstrom
Greg Wilkinson

Assistance with Federal Funding for New South Coast Conduit Pipeline Project and Other Major Infrastructure Improvements.

Kate summarized the need for the new pipeline project. The Cachuma South Coast Conduit (SCC) is more than 50 years old and no redundant water supply pipeline exists. It often must run at full capacity to meet demand, particularly during the peak demand periods; however the original design pipe capacity has been reduced due to limitations and age of the original equipment, significant system modifications, and increased demand. We are rapidly reaching a point when the SCC will not be able to provide sufficient water along the South Coast of Santa Barbara due to these capacity limitations. The new pipe would run approximately 8,000 feet from Tecolote Tunnel to the Corona Del Mar Water Treatment Plant and provide a regional benefit in helping meet system demand on the South Coast during peak periods. It would provide system reliability and be sized to allow the original SCC in this reach to be periodically taken out of service for maintenance & repairs.

The total cost of the new pipeline was recently estimated to be \$6.3 million. The individual Member Units do not have funds to pay for this project due to large, necessary infrastructure improvements within their own district service areas. Consequently, financial reserves for all of the Member Units are low.

Kate asked if there were federal dollars that might be available for this project. Kirk said for the last few years, Reclamation's budget has been flat and that beginning with the 2007 budget, there is likely to be a downward trend. There is no money in the existing budget, and he thought it would be unlikely to get additional money for this project into future budgets.

Loan Guarantee Program

Kirk outlined a loan guarantee program that is "in the works" as a potential funding source. This program has been under discussion for a couple of years. Secretary Limbaugh is sponsoring the program and wants someone to carry legislation this year. Loans would be guaranteed by the federal government so that individual water districts could borrow money for large capital

improvements from commercial lending institutions ostensibly at better rates with more favorable terms. They are looking for pilot projects, and Kirk thought the pipeline project sounded like a good candidate.

Adding Pipeline Project to Capital Cost of the Cachuma Project

Kate asked if the cost of the project could be added to the capital cost of the Cachuma Project. To do this, Reclamation would have to raise money through an appropriation request from the Energy and Water Bill, and Congress would have to identify it as new money. Reclamation said that the Technical Services Center in Denver would have to either design the project, or at the very least, review and approve engineering designs prepared by COMB, and provide construction oversight, which would add considerably to the total cost. The Member Units would either have to add the cost of the project to the existing repayment contract with Reclamation, which has a term to 2015, or enter into a new repayment agreement with Reclamation. The schedule if Reclamation submitted an appropriation bill would be for the 2008 session for inclusion in their 2009 budget.

Local Lobbying for Legislation

Kirk indicated that introducing legislation through an appropriations or authorization bill is a possibility, and it could identify Reclamation's federal budget as the source of funds. However, he strongly requested again that if we seek legislative funding through our congressional representatives, that it be designated as new money and not funds that are already budgeted for other projects. Kirk thought that any legislation for this purpose would be a tough sell due the enormous congressional expenditures for Katrina and the Iraq War. COMB would have to lobby Congress for this legislation; Reclamation would not do it for us.

Need for Additional Funding for Major Infrastructure Improvements

Kate indicated that the pipeline project was the most critical of our needs, but that COMB and all of the Member Units individually had multi-million dollar long-term capital improvements programs in order to improve aging infrastructures. This was discussed in general and all agreed that if we were to pursue legislation for the Cachuma Project, it might be prudent to lobby for the total financial need for the next decade.

Request to Explore Reassignment of the Cachuma Master Renewal Contract from the Santa Barbara County Water Agency to COMB or the Member Units.

Kate and Chris explained that currently the Cachuma Renewal Master Contract is between Reclamation and the Santa Barbara County Water Agency. However, all rights and responsibilities for Cachuma water supply are transferred to the Member Units through agreements with the County Water Agency. The Water Agency, therefore, is merely a pass through agency. We inquired if it would be possible for Reclamation to contract directly with COMB or the Member Units. Kirk was open to the suggestion and asked that we prepare a letter to him, with a copy to each party that would be involved, to start the negotiations. The County Water Agency Board of Directors would have to agree to relinquish their contractual obligation. *[This issue will be discussed with the Managers and Attorneys in the near future to develop a recommendation to the Board.]*

Request for Response Letter from Kirk Rodgers (to Kate's June 2005 letter) Confirming that all Costs for the Hilton Creek Watering System will be Paid from the Bradbury Dam SOD Fund, and other Issues Agreed to at April 2005 Meeting.

Kirk said he would have his staff check into this. He thought there was still an outstanding cost question for about \$117,000. There was insufficient time to discuss this item further.

**Meeting with Fish & Wildlife Service
Mid-Pacific Water User's Conference
held at Eldorado Hotel, Reno, NV
January 18, 2006**

Re: Endangered Species Issues Under Jurisdiction of the U.S. Fish and Wildlife Service

Those in attendance were:

FISH & WILDLIFE SERVICE:

Steve Thompson, Manager Cal/Nev Operations Office
John Engbring
David Harlow

CACHUMA MEMBERS:

Kate Rees
Greg Wilkinson

Fish and Wildlife Service (FWS) Nexus with National Marine Fisheries Service (NMFS) regarding Jurisdiction over Steelhead above Bradbury Dam.

In light of the recent Critical Habitat Designation for Southern Steelhead and Distinct Population Segments Ruling for *O. mykiss* by the NMFS, we asked the status of interagency discussions over which agency now had jurisdiction over steelhead upstream of impassable barriers such as the upper Santa Ynez River watershed above Lake Cachuma. We were informed that this question is still being discussed at the Washington D.C. level, and a decision has not yet been reached. Steve will have someone contact me with an update on the discussions.

Programmatic Biological Opinion FWS Species for COMB Operation and Maintenance Work in Creeks within the Cachuma Project Service Area.

Kate explained that COMB must sometimes carry out normal repair or maintenance work on structures along the South Coast Conduit that are located in streambeds where one of more endangered species inhabit the area. In addition to potential impacts to steelhead habitat, impacts to other endangered species under the jurisdiction of FWS must also be addressed. She inquired how COMB might go about obtaining a programmatic Biological Opinion for all normal operation and maintenance activities from FWS in order to streamline the permitting process. FWS staff thought there may be a way to accomplish this using the COMB long-term capital improvement program as the "project", and recommended that Dianne Noda or Don Reck in the Ventura Regional office be contacted.

FWS Grant Funds for Steelhead Projects.

We explained that grant funding was essential to our ability to implement fisheries restoration projects in the Lower Santa Ynez River watershed. A new fish passage impediment has been identified on Hilton Creek just downstream of a recently completed fish passage project. Kate asked if FWS had grant funding available for Reclamation to install a fish passage structure at the new location. She also mentioned that Reclamation already budgets for FWS within its federal budget for the Cachuma Project. If this is the case, Steve thought it would be possible to shift those funds to the new lower Hilton Creek fish passage project. Other sources of FWS funds that might be pursued were also identified. These included their Ecosystem Restoration Program, Environmental Water Accounts, or Regional Habitat Conservation Plan grants.

RESOLUTION 439

RESOLUTION OF THE CACHUMA OPERATION AND MAINTENANCE BOARD DECLARING SUPPORT FOR ENACTMENT OF THE SAFE DRINKING WATER, WATER QUALITY AND SUPPLY, FLOOD CONTROL, RIVER AND COASTAL PROTECTION BOND ACT OF 2006 AS A LEGISLATIVE BOND INITIATIVE OR AS A VOTER INITIATIVE.

WHEREAS, the Cachuma Operation and Maintenance Board, in partnership with 17 entities and the Santa Barbara County Water Agency has developed an Integrated Regional Water Management (IRWM) Plan for Santa Barbara County; and

WHEREAS, the implementation of the Santa Barbara County IRWM plan will bring significant benefits to the region, including improvement in water quality, water supply and fishery habitat; and

WHEREAS, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 was filed as a voter initiative with the California Office of the Attorney General for preparation of title and summary; and

WHEREAS, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 includes up to \$45 million in funding for coastal salmon and steelhead restoration and \$1 billion for statewide IRWM grant programs which includes \$53 million for the Central Coast Region; and

WHEREAS, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 contains significant funding for other programs that will improve statewide water quality, flood protection, coastal protection and fisheries; and

WHEREAS, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond of 2006 provides funding for other resource priorities including the state park system, forest, habitat and wildlife conservation programs; and

WHEREAS, other 2006 legislative water or resource bond initiatives may be proposed by the California legislature in the coming year.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Cachuma Operation and Maintenance Board hereby finds, determines, and declares as follows:

1. The Cachuma Operation and Maintenance Board supports enactment of a legislative bond initiative that addresses the needs and funding amounts identified in the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006.

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2. The Cachuma Operation and Maintenance Board supports enactment of the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 as a voter initiative should the California legislature fail to pass an equivalent legislative bond initiative by March 1, 2006.
3. The President of the Board is authorized to sign letters of support for the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 or for an equivalent legislative bond initiative.

PASSED, APPROVED AND ADOPTED at a regular meeting of the governing board of the Cachuma Operation and Maintenance Board held on the 27th day of February, 2006, by the following roll call vote:

AYES:

NAYES:

ABSENT/ABSTAIN:

President of the Board

ATTEST:

Secretary to the Board

Seccomb/res439COMB2006 water bond

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CACHUMA OPERATION AND MAINTENANCE BOARD
MEMORANDUM

Date: February 27, 2006
To: Members of the Board of Directors
From: Brett Gray, Operations Supervisor

RE: Engineering Design and Environmental Services for South Coast Conduit Second Barrel – Boyle Engineering

Recommended Action:

Approval of Boyle Engineering's Task Order No.18, for Engineering Design and Environmental Services for the South Coast Conduit Upper Goleta Reach Second Barrel Project.

Discussion:

In 2002, Boyle Engineering was retained to perform a Reliability and Alternatives Study for the Upper Goleta Reach of the South Coast Conduit (SCC). One of the recommendations was to construct a redundant pipeline for that reach. After several discussions with Board Members and Member Unit Managers, all are in agreement that the second pipeline is needed. The SCC is more than 50 years old and no redundant water supply pipeline exists. It often must run at full capacity to meet demand, particularly during the peak demand periods; however the original design pipe capacity has been reduced due to limitations and age of the original equipment, significant system modifications, and increased demand. The new pipe would provide a regional benefit in helping meet system demand along the South Coast during peak periods. It would provide system reliability and be sized to allow the original SCC in this reach to be periodically taken out of service for maintenance & repairs.

The estimated cost at this time to construct the new pipeline is about \$6.3 million, and none of the Member Units currently have funds to pay for this project. Consequently, several funding options are being explored including budgeting for it in a future COMB budget, pursuing grant opportunities from Proposition 50 or future water bonds, adding the cost of the project to the capital cost of the Cachuma Project, introduction of a federal legislative appropriations bill, or issuance of a revenue bond. Regardless of which option is eventually selected by

the Board, it will take significant time to secure the necessary funding for construction.

In order to be competitive for any grant funding or for legislative assistance from our Congressional representatives, we need to show that we are progressing with the planning, engineering design and environmental compliance for the project. Without this information securing grants will be extremely difficult. This Task Order will authorize Boyle Engineering to complete the design work, prepare an Environmental Impact Report, perform a geotechnical analysis, and carry out the regulatory permitting process for the Second Barrel Project, which will take it to the construction phase of the work. It will take approximately 3 years to get the project to the construction phase.

The total proposed cost for this work will be \$491,000. It is expected that approximately \$200,000 will be spent this fiscal year, which is in the COMB budget.

Scope of Work – Task Order No. 18

Cachuma Operational and Maintenance Board

South Coast Conduit Upper Goleta Reach 2nd Barrel

Phase II Design Phase Services



Background and Overview

The Cachuma Operation and Maintenance Board (COMB) operates the South Coast Conduit (SCC) from the Lake Cachuma north portal to the Carpinteria Reservoir. In 2002, COMB retained Boyle Engineering Corporation (Boyle) to perform a Reliability and Alternatives Study for the Upper Goleta Reach of the SCC (south portal of the Tecolote Tunnel to the Corona Del Mar Water Treatment Plant (CDMWTP)). In that report, one of the recommendations was to construct a second (redundant) pipeline for that reach.

In 2005, COMB retained Boyle to complete initial project (Phase I) tasks consisting of environmental field surveys to determine what sort of special concerns can be expected along the proposed pipeline alternative routes. This proposal is for the engineering services during the design phase (Phase II) of the 2nd Barrel of the SCC Upper Goleta Reach.

Preliminary Design Phase

Task Series 1000 – Concept Design

Task 1100 – Concept Design Refinement

Task 1110 – Kickoff Meeting. Boyle will prepare for and attend a kickoff meeting to discuss the project specifics. COMB key staff members and Boyle's subconsultants will be in attendance.

Task 1120 – Update Initial Alignments. Boyle will update the alignment alternatives and structure concepts presented in the 2002 Reliability Study.

The hydraulic gradeline requirements for the SCC at the Goleta West Conduit and CDMWTP turnouts will be identified.

Task 1130 – Utility Research. Boyle will identify utility companies operating utilities in the project vicinity. Boyle will contact the utility companies to obtain as-builts and/or inventory maps and plot existing utilities on project plan base sheets.

Task 1140 – Easement Data Review. Penfield and Smith, as a subconsultant to Boyle, will review the existing easement documentation and confirm the locations of the pipelines (existing and proposed) relative to the easements.

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Task 1150 – Goleta Water District Coordination. Boyle will coordinate the proposed alignment and modifications to the Glen Annie and CDMWTP turnouts with Goleta Water District Staff. It is anticipated that up to four (4) meetings will be required.

Task 1160 – Supplemental Survey. Penfield and Smith, as a subconsultant, will field locate the proposed turnout structures, tie in points, and stake the existing and proposed alignment every 500 feet and at changes in direction. This field information will be tied to the existing topography previously prepared.

Task 1170 – Team Field Review. Boyle and its subconsultants will conduct reconnaissance level field review of the project related facilities and sites. The review will be limited to facilities and conditions exposed to view at ground level. The review will concentrate on factors pertinent for determining: 1) existing facility functional (hydraulic) relations to the subject project facilities; and 2) visible site conditions that could affect the proposed pipeline alignment.

Task 1180 – Final Survey Alignment. Penfield and Smith has previously provided topographic mapping of the project area at plan sheet scale of 1"=40'. The proposed alignment will be field surveyed (profiled) to refine accuracy along the selected alignment. In addition, Penfield and Smith will establish the easement limits at those locations.

Penfield and Smith will update and provide plan and profile base drawings and prepare legal descriptions for up to five (5) easements.

Task 1200 – Environmental

As a subconsultant to Boyle, Padre Associates completed a Biological Constraints Study in August 2005 addressing potential biological impacts associated with Alternatives A and B. The Study identified a threatened species (California red-legged frog) and several special-status species in Glen Annie Creek along the pipeline alignments.

As a subconsultant to Padre, Western Points Archeology completed a Phase 1 Archeological Assessment in April 2005 for both pipeline alignments. The Assessment identified a new cultural resource along the Alternative B alignment, composed of an apparent Native American sandstone rock cobble pattern arranged in an oval shape. In addition, a known archeological site (CA-SBA-1775) is located adjacent to the Alternative A alignment.

Padre Associates, as a subconsultant to Boyle, has been requested to provide environmental compliance services with regard to construction of the proposed parallel pipeline, which includes completion of impact analysis as required by the California Environmental Quality Act (CEQA) and construction-related permits required by regulatory agencies. Based on Padre's experience with the Ortega Reservoir project, they have assumed that the Bureau of Reclamation would prepare an Environmental Assessment in compliance with the National Environmental Policy Act (NEPA), using the EIR as a source of information. Therefore, a NEPA document is not included in the scope of work.

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Padre's approach is focused on a step-wise environmental analysis to minimize environmental impacts, facilitate CEQA compliance and minimize long-term mitigation commitments. Padre will work closely with Boyle to refine pipeline alignment alternatives to facilitate environmental compliance while meeting engineering goals. Padre's approach is based on five phases of environmental assessment:

1. Project/Permit Process Review
2. Preparation of a Environmental Impact Report;
3. County policy consistency determination; and
4. Regulatory permitting of the pipeline Creek crossing.

Task 1210 – Project/Permit Process Review. Upon a notice to proceed, it is recommended that a project team meeting be scheduled to review the proposed project objectives and to ensure a comprehensive approach has been taken to address CEQA and NEPA compliance and the associated permits. As previously stated it has been assumed that the Bureau of Reclamation will provide the necessary NEPA compliance documentation, however final determination of this approach should be discussed. In addition to reviewing agency responsibility, a review of available project documentation should be completed to ensure timely development of the project description and subsequent environmental analysis.

Task 1220 – CEQA Compliance. It is recommended that an Environmental Impact Report (EIR) be prepared due to:

- Potential public controversy regarding the growth inducement potential of the new pipeline;
- Potentially significant impacts to a threatened species (California red-legged frog); and
- Potentially significant impacts to an archeological site.

Project Development. Due to identified biological and cultural resources constraints, we recommend additional engineering design and geotechnical work be conducted to develop feasible modifications to the existing alignment alternatives. Padre will work closely with Boyle to develop pipeline alignments and construction methodologies that would minimize impacts to Glen Annie Creek (red-legged frog, wetlands), oak trees and cultural resources. This Task includes additional biological and cultural resources field work to develop and assess project modifications that are feasible and reasonably economical.

Project Description. Padre will develop a comprehensive project description in coordination with COMB and Boyle Engineering, including construction-related details such as disturbance corridors and stream crossing methodologies. Details concerning any new inter-tie facilities and any aboveground facilities provided by Boyle will be included in the project description to allow a complete environmental analysis. Following approval of the project description, an Initial Study will be prepared to focus the EIR. However, responses will be brief, as the EIR will address all appropriate issue areas.

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Notice of Preparation. Padre will prepare a draft Notice of Preparation (NOP) for review by COMB, and develop a distribution list. At a minimum, the County of Santa Barbara, City of Goleta, other responsible and trustee agencies, regulatory agencies will be included on the distribution list. The NOP will be prepared according to the State CEQA Guidelines. Once approved by COMB, Padre will distribute the NOP and Initial Study via certified mail.

Draft EIR. Following approval of the project description, Padre will prepare an Administrative Draft EIR using the most recent checklist of the State CEQA Guidelines. Thresholds of significance will be selected based on coordination with COMB, and may be taken from the Santa Barbara County Environmental Thresholds and Guidelines Manual.

Biological Resources. The findings of the Biological Constraints Study will be summarized, including any mitigation measures identified in the Study or developed during later project development. This Task includes additional fieldwork to identify biological impacts of changes to the existing alternative pipeline alignments or any new alignments. Once the alignments have been finalized, a tree survey of up to two alignments will be conducted, including identifying the tree species, diameter and approximate location. Construction-related impacts will also be identified, based on construction footprints provided by Boyle. The wetland delineation conducted as part of the Biological Constraints Study will be modified as needed based on the alignment selected and expected construction impacts.

Cultural Resources. The Archeological Survey (Task 1) will be summarized, including any mitigation measures identified in the Survey Report or developed during later project development. This Task includes sufficient fieldwork to identify impacts based on the construction footprint provided by Boyle. However, subsurface investigations to determine the extent of cultural deposits (e.g., CA-SBA-1775) is not included, but can be completed at additional cost if needed. In addition, Section 106 consultation will be conducted in coordination with COMB and the Bureau of Reclamation as needed for NEPA compliance. Mitigation measures will be presented in sufficient detail to ensure impacts would be mitigated, and may include a Phase 3 data recovery program. However, implementation of such a program is not included in this scope of work.

Goals and Policies. Padre will prepare an analysis of project consistency of applicable policies of the County General Plan and Goleta Community Plan. Both pipeline alignments would affect Glen Annie Creek, which is mapped as a riparian corridor protection area in the Goleta Community Plan. Potential inconsistencies will be identified and mitigation provided where appropriate.

Air Quality. A summary of Santa Barbara County air quality and County attainment status relative to air quality standards will be provided. Impact assessment scenarios will be developed for pipeline installation and operation. Air emissions will be estimated for each construction scenario, based on project phasing, including equipment exhaust, worker vehicle exhaust and fugitive dust. Emissions estimates will be compared to

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County significance thresholds to determine the significance of air quality impacts. All feasible emissions reduction measures will be identified, including measures recommended by the Air Pollution Control District.

Agriculture. The proposed pipeline would cross-agricultural lands and potentially disrupt production during the construction period. Impacts will be assessed based upon a review of important farmland maps and potential pipeline corridor temporary and permanent disturbance areas. Mitigation measures will be developed, focusing on limiting construction-related disturbance to crops, and selecting pipeline alignments and facility locations to avoid prime farmlands.

Visual Resources. Project construction would result in removal of vegetation and exposure of soil, which may be considered a visual impact. However, the project site is remote and visible to a very small number of persons. The visual resource analysis will focus on identifying the affected public and private residences, and documenting such views of the project site through a small number of color photographs. Photo-simulation of post-project views are not considered necessary and are not included in the scope of work. The visual character will be described for areas affected by each project component based on limited field visits. The significance of impacts will be determined based on the pre-project visual quality of the site, estimated time of recovery following construction, sensitivity and number of viewers affected.

Transportation. Construction-related traffic may adversely affect level of service on Glen Annie Road during peak construction periods. This impact will be assessed qualitatively based on the contribution of the proposed project to existing traffic volumes.

Noise and Vibration. Heavy equipment used for project construction may generate noise levels exceeding noise standards for residences and other sensitive receptors. However, the distance to sensitive receptors is expected to attenuate construction-related noise to less than significant levels. The noise analysis will be based on estimates of noise levels at sensitive receptors, and the County's significance threshold for construction noise. The County considers construction noise occurring within 1,600 feet of sensitive receptors as potentially significant.

Other Sections. The Initial Study will address all other environmental issues on the State CEQA checklist not discussed above, including water quality and water supply.

Growth Inducement. The proposed increase in capacity of the Goleta Reach may be viewed as providing additional water to support population growth. This potential effect will be assessed based on current water availability, current and projected water demand, other capacity limitations of the Cachuma Project, and other impediments (non-water related) to growth. Water supply and demand information will be provided by Boyle Engineering.

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Alternatives. A preferred pipeline alignment will be identified; however, the impacts of one alternative alignment will be fully assessed as part of the Initial Study. The No Project alternative and other alternatives considered but rejected will be briefly discussed in this section.

Document Preparation. Padre will provide ten (10) copies of the Administrative Draft EIR and an EIR distribution list for review by COMB. Alternatively, copies of the ADEIR would be distributed electronically by e-mail or as CDs. Following receipt of comments on the Administrative Draft, Padre will prepare the Draft EIR and Notice of Completion. For budgeting purposes, we have assumed 40 copies of the Draft EIR will be required. Alternatively if requested by COMB, Padre will provide documents electronically as CDs.

Public Hearings/Response to Comments. Padre will attend and facilitate public meetings during and following the public comment period, including hearings before the COMB Board. We will prepare any graphics or other exhibits needed for public meetings. For budgeting purposes, we have assumed that three meetings/hearings would be required. Padre will prepare draft responses to all comments on the Draft EIR received during the public comment period.

Administrative Final and Final EIR. Padre will prepare an Administrative Final EIR based on comments received and meetings with COMB regarding appropriate text changes to the Draft EIR. In addition, responses to comments will be incorporated into the Administrative Final EIR. For budgeting purposes, we have assumed ten (10) copies of the Administrative Final EIR will be required. Alternatively, documents would be distributed electronically as CDs. Padre will also prepare a draft Mitigation Monitoring and Reporting Plan (MMRP) for review by COMB.

Following receipt of comments on the Administrative Final, Padre will prepare the Final EIR and final mitigation monitoring and reporting plan. For budgeting purposes, we have assumed forty (40) copies of the Final EIR will be required. Alternatively, documents would be distributed electronically as CDs. Padre will distribute the Final EIR to all responsible and trustee agencies, individuals/organizations that commented on the Draft EIR and other parties as instructed by COMB.

Padre will provide the Final EIR to COMB and the State Clearinghouse in electronic format (*.pdf files), if requested. We will also attend Board hearings regarding certification of the Final EIR.

Notice of Determination. Padre will prepare the Notice of Determination for filing by COMB.

Task 1230 – County Policy Consistency. It is assumed that all project components will be owned or operated by COMB, such that the project would be exempt from the County Zoning Ordinance (and associated land use permits). Section 35-201 of Article III of the Santa Barbara County Code exempts "Development by the Federal Government on leased or

federally owned land." Pipeline Alternative B would require new federally owned easements, which would also be exempt. It is possible that some project components may be operated by the Goleta West Water District and may not qualify for the Federal exemption. This issue will require legal guidance from COMB's counsel.

Padre proposes to apply for a policy consistency determination as required by Government Code Section 65402.c. This task will include coordination with County Planning staff to complete a policy consistency analysis suitable for approval by the Planning Commission. Our scope also includes preparation and attendance at two meetings with County staff and two Planning Commission hearings.

Task 1240 – Regulatory Permitting. The proposed pipeline crossing of Glen Annie Creek may require permits from the California Department of Fish and Game (CDFG), Corps of Engineers and Regional Water Quality Control Board. It is anticipated that installation of the pipeline would involve boring and jacking under the Creek and could avoid the need for these permits. However, Padre recommends a Corps permit be obtained as it would trigger consultation with U.S. Fish and Wildlife Service and provide an incidental take permit. In the absence of an incidental take permit, inadvertent take of California red-legged frog during construction would be a Federal offense.

Task 1300 – Initial Geotechnical Support

As a subconsultant to Boyle, Fugro will provide geotechnical support service on an as needed basis during the preliminary design phase.

Task 1400 – Preliminary Design

Task 1410 – Hydraulic Analysis (HGL, Capacity, Flow Rates, two pipeline alternatives). Boyle will perform hydraulic analysis using the hydraulic model and calculations to refine the hydraulic grade line (HGL), pipeline capacity and flow rates for up to two separate pipeline alignment concepts. It will be assumed the second pipeline is a redundant pipeline (48-inch/72 cfs).

The evaluation will specifically address the following considerations:

- Static and operating steady-state hydraulic gradients for minimum and maximum capacities
- Existing utility constraints
- Subsurface conditions
- Regulatory and institutional constraints
- Construction cost

Task 1420 – Pipeline. Boyle will provide plan and profile preliminary design drawings showing the existing utilities (based on utility information) up to 10 cross sections, stream crossings, and important stationing. Boyle will provide a material selection for pipeline.

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Task 1430 – HDD Preliminary Design Alternative for Glen Annie Creek. Boyle will complete the following tasks for the preliminary design of the horizontal direction drill (HDD) crossing at Glen Annie Creek:

- Review alternative profiles for the HDD bore. Up to three (3) profiles/alignments will be developed.
- Evaluate alternatives for installation of the carrier pipe and the need for a casing.
- Develop an opinion of probable HDD construction costs using a historical unit price approach.
- Identify construction easement requirements.
- Set up and initiate a risk registry for use in subsequent risk workshop and update through project design. Provide recommendations for risk management.
- Provide written documentation in draft form to support the results of the above items for inclusion in the preliminary design report.

Task 1440 – Structure Modifications. Boyle will provide preliminary design level drawings showing the proposed structure improvements to accommodate the 2nd Barrel pipeline. Two alternative layouts will be prepared for the following structures:

- Tecolote Tunnel (south portal outlet structure)
- Corona Del Mar WTP Weir Structure Tie In
- Goleta West Intertie

In addition, preliminary designs will be prepared for an intermediate tie in point between the pipelines.

Task 1450 – Right-of-Way Assistance. <Pending Hamner, Jewell Proposal>

Task 1460 – Goleta West Connection. Boyle will analyze two different scenarios for the Goleta West connection to the proposed pipeline. One of the alternatives is for a pumped connection; one is for a control valve connection. It is assumed that the flow from the proposed pipeline would need to be routed to the Glen Annie weir facility for chlorination prior to being discharged to the Goleta West system.

Task 1470 – Project Schedule/Estimate of Probable Construction Cost. Boyle will compile a proposed project schedule from the design through construction. In addition, an opinion of probable construction cost estimate will be prepared for the project.

Task 1500 – Financial Model and Funding Support Services

Boyle will compile a financial model for the overall project cost. Boyle will also estimate the cost allocations to each participating member. Boyle will prepare a list of possible funding agencies, including grant opportunities and assist COMB in obtaining funding for the project.

As a subconsultant to Boyle, Fitzgerald Public Finance will provide the following services:

- Attend and participate in meetings and presentations, as needed
- Evaluate use of various debt instruments for funding, such as revenue bonds and Certificates of Participation
- Review other sources of funding, such as USBR, State Revolving Fund, Infrastructure Bank, Individual Agency Funding, Grants, and Special legislation
- Analyze advantages and disadvantages of each financing
- Assist COMB staff with assembling needed background documents
- Review cost projections
- Review environmental documents
- Review financing capacity of individual agencies
- Assist with public information program
- Review individual agencies needed rate setting

Task 1600 – Draft Preliminary Design Report

Boyle will submit the draft preliminary design letter report for review by COMB staff. It will include the analysis results (HGL, flow rate, capacity), and the pipeline alternative alignments. Boyle will identify standard design criteria for pipeline design pressures, hydrostatic test pressures, pipeline grades, minimum curve radius, maximum joint deflection, joint bonding, and depth of cover. Identify standard design criteria for isolation and control valves; spacing, locations and sizing of air releases, air and vacuum relief valves, and discharge valves. Eight copies will be provided for review.

Task 1700 – Final Preliminary Design Letter Report

Boyle will incorporate COMB's review comments after meeting to discuss the draft report. Eight copies will be provided.

Task 1800 – Permits

Boyle and Padre will identify the necessary jurisdictional agency reviews and permits required (other than DFG, ACOE, and RWQCB). This will include the time frame normally required for the permit processing, as well as the nature of the information required for the submittals. Boyle will technically assist COMB in obtaining permits for the project. It is our understanding that COMB will pay permit fees and compile permit applications.

Task 1900 – Program Management During Preliminary Design

The following assumptions summarize Boyle's understanding of the level of effort for program management COMB anticipates as part of this project:

- Up to four meetings with COMB and/or USBR staff
- One COMB Board presentation for the preliminary design report

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- Update Project Schedule at 30% design phase
- Update Financial Model at 30% design phase
- Permit coordination (permit compilation by Padre for DFG, ACOE, and RWQCB)
- Monitor schedule and cost of design phase services
- Assist with entry permits for surface and subsurface investigations
- Coordination of, and technical support for, environmental, geotechnical, survey, right-of-way, and financial subconsultants

Final Design Phase

Task Series 2000 – Final Design Phase

Task 2100 – Specifications Preparation

Boyle will prepare CSI based specifications for the project. Specifications initially will be completed to 50% level to allow review by COMB of technical and contractual aspects in relation to bid forms, insurance forms, and bond forms.

Task 2200 – HDD Design

Plans

- Compile HDD plan and profile sheets for Glen Annie Creek crossing including minimum requirements for drill path, anticipated geotechnical conditions and geotechnical data, ground surface, utilities, construction easement, pipe laydown, and staging areas.
- Prepare an HDD detail sheet including casing/carrier pipe section and backfill grouting requirements.

Specifications. Provide the following technical specifications:

- Horizontal Direction Drilling
- Carrier Pipe Installation
- Annular Backfilling

Cost Estimate and Bid Item Recommendations

- Provide the HDD cost estimate and assumptions and develop recommendations for bid items.

Task 2300 – Geotechnical Exploration and Analysis

As discussed in a System Readability Report (SRP) by Boyle, the proposed 2nd Barrel pipeline project will consist of the construction of about 8,000 feet of 48-inch diameter, potable water pipeline to improve system reliability for the Goleta Reach of the SCC. The request for proposal indicates that the proposed pipeline alignment will generally follow the alternative alignment presented in the SRP. As depicted in the SRP, the proposed pipeline alignment will

traverse a variety of environments including moderately steep hillside terrain, several creek crossings including East Fork of Glen Annie Creek, and several different geologic formations. Fugro understands that a majority of the pipeline will be constructed using standard trenching operations, but that the pipeline may be installed under the East Fork of Glen Annie Creek using horizontal directional drilling (HDD) techniques.

Approximately 1/2 to 2/3 of the proposed pipeline alignment will traverse fairly steep to steep hillside terrain. The hillside portion of the alignment is also underlain by several different geologic formations including the Rincon Shale and Vaqueros Sandstone. The Rincon Formation is subject to deep weathering and surficial and large-scale slope instability. The Vaqueros Formation consists of hard, well indurated sandstone that typically qualifies as rock excavation. Geotechnical characterization of the earth materials along the alignment will be critical to help select the final pipeline alignment, evaluate pipeline/trench depth to provide long-term stability of the pipeline alignment, and provide bidders an understanding of the earth materials that will be encountered during construction.

Crossing beneath the East Fork of Glen Annie Creek using HDD technology presents several advantages including limited construction disturbance of sensitive environmental areas, and placing the pipeline alignment below future scour limits without the need for extensive construction dewatering, difficult excavation in granular alluvial deposits, and placing concrete pipeline encasement or other scour mitigations.

Task 2310 – Permitting and Underground Service Alert. Fugro will obtain encroachment permits from the County of Santa Barbara if required to perform subsurface exploration. Fugro will coordinate utility locations with Underground Service Alert (USA). Fugro will not be responsible for unlocated or mislocated utilities.

Task 2320 – Geologic Mapping and Subsurface Exploration. Fugro will perform geologic mapping of the proposed alignment to update and supplement the mapping performed for the preliminary study (Fugro, 2003). The purpose of the mapping is to document geologic units/earth material types, and identify potential areas of existing and potential future slope instability. As part of the geologic mapping task, we will select exploration locations and areas where special design and construction methods may be appropriate.

To provide subsurface data relative to soil and rock types, rock hardness, fill depths and trenching conditions Fugro will excavate a combination of backhoe test pits and drill holes along the pipeline alignment. The proposed exploration locations are shown on the attached preliminary exploration plan. Fugro will explore the subsurface conditions at approximately 10 locations, which will correspond to a spacing of about 800 to 1,000 feet with consideration given for structures such as vaults, valve locations, etc. (if locations established prior to performing the exploration). The backhoe test pits would be excavated to depths of about 12 to 15 feet or refusal to evaluate geologic structure and evaluate the excavatability of the geologic units.

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The drill holes will be located as close to the proposed pipeline alignment as practical, depending upon site conditions and will be advanced using a limited access drill rig to gain access to the creek areas. The primary purpose of the drill holes will be to evaluate the depth of the alluvium at the East Fork of Glen Annie Creek crossing. Fugro plans to advance the drill holes a minimum of 20 feet into bedrock or refusal, whichever occurs first. Based on visual observations during the preliminary design study, Fugro has not proposed rock coring or seismic refraction surveys to evaluate rippability/excavability at this time. If hard, well-indurated bedrock is encountered in the drill holes or test pits at a shallow depth, a revised scope of services may be warranted. Fugro will attempt to identify potential areas of hard bedrock during our geologic mapping and explore those areas first to evaluate if supplemental exploration work is required.

Samples will be collected at approximately 3-foot intervals to a depth of about 15 feet with a standard penetration test (SPT) sampler and a modified California sampler, as appropriate and as conditions permit. Bulk samples will be recovered at select intervals from the drill holes. The drill holes will be backfilled with the excavated material, and excess material will be spread onsite near the excavation location. We estimate that the drilling will be completed in 3 days and the backhoe work will be completed in 2 days.

Task 2330 – Geophysical Survey. Fugro will perform an integrated seismic refraction/reflection survey to characterize the subsurface profile and geologic materials in the East Fork of Glen Annie Creek pipeline crossing. As depicted on the attached example geologic profile, the seismic refraction/reflection survey can help us estimate the depth of the alluvial materials in the creek area. Typically, the seismic data is supplemented with limited subsurface exploration to provide "ground truth" and help calibrate the seismic data. The refraction/reflection survey will be performed by our subconsultant, Advanced Geosciences, using a 48-channel seismograph with 40-Hz geophones spaced at 10 feet. Field data collection is estimated to take one day for a 200-foot long survey line. Fugro will clear brush along the proposed pipeline alignment to lay out the geophones.

Task 2340 – Laboratory Testing. The laboratory-testing program will be determined based on subsurface conditions encountered in the drill holes. The types of laboratory tests that are anticipated include moisture/density determinations, grain-size distribution/percent passing No. 200 sieve, Atterberg limits, direct shear, sand equivalent, and chemical analyses (sulfates, chlorides, pH, and resistivity).

Task 2350 – Geotechnical Evaluation and Report. Fugro will summarize the subsurface conditions along the pipeline alignment and provide geotechnical design criteria for the proposed pipeline alignment. Fugro findings and recommendations will be incorporated into the project geotechnical engineering report with appurtenant plates, drill hole logs, and laboratory test results. The report will be finalized after receipt of comments on the draft report. Fugro anticipates that the geotechnical engineering report will include the following:

- Assessment of subsurface soil, rock, and groundwater conditions along the proposed pipeline alignment,

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- Compaction recommendations for trench backfill,
- Temporary slopes and shoring considerations,
- Discussion of constructability and excavation issues,
- Corrosion considerations (concrete thrust blocks),
- Pipeline geotechnical design criteria, and
- Vault design criteria.

Task 2400 – Final Plans

Boyle will compile 22" by 34" contract plans showing the proposed alignment. The plans will reflect decisions made in the preliminary design phase. It is anticipated that the planset will consist of:

- Title Sheet
- Abbreviations, Notes, and Survey
- Plan and Profile (10)
- Details (4)
- Structural (10)
- Environmental Impact Areas (1)
- Glen Annie Creek Crossing HDD (6)

Eight half size (11" x 17") sets will be provided at the 50% review and 90% review. The final deliverable will consist of one full size set (mylar) and one bound set.

Task 2500 – Program Management

- Attend up to six (6) meetings with COMB.
- Attend one (1) COMB Board presentation for the final design.
- Update Project Schedule at 90% design phase.
- Update Financial Model at 90% design phase.
- Permit coordination (permit compilation by Padre for DFG, ACOE, and RWQCB).
- Monitor schedule and cost of design phase services.
- Assist with entry permits for surface and subsurface investigations.
- Coordination of, and technical support for, environmental, geotechnical, survey, right-of-way, and financial subconsultants.

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Bid Phase Services

Task Series 3000 – Bid Phase

Task 3100 – Contractor Prequalification Package

Boyle will assist COMB in conducting, coordinating, and performing a prequalifications and selection process for the pipeline contractor.

The Department of Industrial Relations has developed a model and relevant criteria that can be utilized by COMB. It is accompanied by a publication explaining how to score the questionnaire. Contractors who receive an acceptable score will be deemed responsible, prequalified bidders. The prequalification selection process will include the following tasks:

Task 3110 – Meet and Discuss Prequalifications Processes. Meet and discuss prequalifications processes and selection criteria with COMB representatives/personnel.

Task 3120 – Assist in Identifying Eligible Contractors. By contacting local cities, counties, consultants, contractors and/or special districts, assist COMB in identifying a list of contractors that have prior experience with similar projects. Contact the contractors identified to advertise COMB's project.

Task 3130 – Draft Prequalifications Questionnaire and Advertisement. Utilizing the Department of Industrial Relations model as a format, Boyle will draft a prequalifications questionnaire and advertisement for COMB and USBR review and approval. Meet to discuss COMB comments. Finalize prequalifications advertisement and prequalifications questionnaire. Submit one reproducible copy for COMB's reproduction and distribution.

Task 3140 – Facilitate Review of Prequalifications Submittals. Facilitate COMB's review of prequalifications submittals received from interested contractors.

Task 3150 – Facilitate Interviews and Evaluation Process. Facilitate COMB's interviews and evaluation process to define a list of qualified contractors.

Task 3160 – Draft Notification Correspondence. Compile draft letters of notification for firms that responded.

Task 3170 – Orientation Meeting. Conduct an orientation meeting with selected firms. Identify project data to be provided by COMB to selected firms.

Task 3200 – Engineering Services During Bid Phase

Assist COMB during the bid phase of the project. It is assumed that one (1) construction contract will be implemented. Boyle will provide one set of mylar and one set of reproducible specifications for reproduction and distribution by COMB staff. Boyle will attend the preproposal meeting, bid opening, and compile up to three (3) addendums.

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Schedule

It is anticipated that the Scope of Services associated with this proposal will be completed in 240 calendar days from the notice to proceed.

Assumptions

In preparing this proposal, the following assumptions were made:

- Environmental scope (Task Series 1200) includes the following tasks:
 - Revisions to the Biological Constraints Study based on field work conducted for the EIR to reflect changes to the project and fully address regulatory jurisdiction;
 - Preparation of permit applications for CDFG, Corps and Regional Board, based on the Biological Constraints Study; and
 - Additional site visits, meetings and coordination to obtain permits.
 - Task 1220 scope of work is based on the impact assessment of the two existing alignments with modifications. Substantially new pipeline alignments would require additional fieldwork and a budget modification would be required.
 - Up to three meetings and hearings will be required.
 - Up to 10 comment letters with an average of 5 comments each will be received during the public comment period.
- COMB will pay all permit fees.
- Scour analysis at stream crossings (*PENDING JON'S INPUT*)

Task Cost Report
Cachuma Operational and Maintenance Board
2nd Barrel Design

The estimated engineering effort and estimated fee are shown below:

Task	Description	Boyle Level of Effort (Manhours)	Sub Consultant
PRELIMINARY DESIGN PHASE			
1000	Concept Design		
1100	Concept Refinement		
1110	Kickoff Meeting	40	\$4,000
1120	Update Initial Alignments	48	
1130	Utility Research	40	
1140	Easement Data Review	12	\$5,000 (P&S)
1150	Goleta Water District Coordination	40	
1160	Supplemental Survey	8	\$10,000 (P&S)
1170	Team Field Review	24	\$6,000
1180	Final Survey Alignment	12	\$10,000 (P&S)
1200	Environmental	64	\$72,000 (Padre)
1300	Initial Geotechnical Support	12	\$7,000 (Fugro)
1400	Preliminary Design		
1310	Hydraulic Analysis	24	
1320	Pipeline	80	
1330	HDD Preliminary Design Alternative for Glen Annie Creek	80	
1340	Structure Modifications	80	
1350	Right-of-Way Assistance	16	\$15,000 (HJA)
1360	Goleta West Connection	32	
1370	Project Schedule/Estimate of Probable Construction Cost	40	
1500	Financial Model and Funding Support Services	24	\$10,000 (Fitzgerald)
1600	Draft Preliminary Design Report	48	
1700	Final Preliminary Design Letter Report	24	
1800	Permits	24	
1900	Program Management During Preliminary Design	120	
Subtotal Preliminary Design Phase		892	\$139,000
FINAL DESIGN PHASE			
2000	Final Design Phase		
2100	Specifications Preparation	120	
2200	HDD Design	100	
2300	Geotechnical Exploration and Analysis	20	\$50,000 (Fugro)
2400	Final Plans	500	
2500	Program Management	200	
Subtotal Final Design Phase		940	\$50,000

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Task	Description	Boyle Level of Effort (Manhours)	Sub Consultant
BID PHASE SERVICES			
3000	Bid Phase	108	
3100	Contractor Prequalification Package	120	
3200	Engineering Services During Bid Phase		
Subtotal Bid Phase		228	
CONSTRUCTION PHASE ENGINEERING SERVICES (Future)			
4000	Construction Phase Services	Future Amendment	Future Amendment
Preliminary Design, Design, and Bid Phase Total		2,060	\$189,000

It is anticipated that an engineering fee of **\$491,000** will be required to accomplish the above-referenced engineering tasks based on an average of \$135 per MH, 8.5% for other costs, and \$189,000 for subconsultant costs. Compensation will be on a time and materials basis consistent with the Fee Schedule attached and our Engineering Services Agreement dated February 22, 1999.

Construction Cost ≈ \$5.0± M
Civil Design Engineering – 6%
Geotechnical – 1.1%
Environmental – 1.4%
Other Costs – 1.2%

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