

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

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

Monday, December 15, 2008

Approximate Start Time
2:45 p.m.

AGENDA

1. **COMB CALL TO ORDER, ROLL CALL** (COMB Board of Directors.) *(1 minute)*.
2. **PUBLIC COMMENT** (Public may address the Board on any subject matter not on the agenda and within the Board's jurisdiction. See "Notice to the Public" below.) *(5 minutes)*
3. **CONSENT AGENDA** (For Board action by vote on one motion unless member requests separate consideration.) *(2 minutes)*
 - a. Minutes
 - November 24, 2008 Regular Board Meeting
 - b. Investment of Funds
 - Investment Reports
 - c. Payment of Claims
4. **REPORT FROM THE AUDITOR FOR FISCAL YEAR 2007-2008:
RECOMMENDATION TO ACCEPT THE AUDIT** *(20 minutes)*
5. **REPORTS FROM THE MANAGER** *(10 minutes)*
 - a. Cachuma Water Reports
 - b. 2008 Surcharge Accounting
 - c. Progress Report on Lauro Debris Basin Project
 - d. **Verbal Report-** Carpinteria Reach Metering Issues Report
 - e. **Verbal Report -** ACWA 2008 Fall Conference December 2-5, 2008, Long Beach, CA
 - f. **Verbal Report -** Cachuma Reservoir Current Conditions
 - g. 2009 Board Meeting Schedule *(see CCRB Item 4c)*
6. **VERBAL REPORT - DAMAGE TO SOUTH COAST CONDUIT IN SYCAMORE CANYON** *(10 minutes)*

7. **CONSIDER RESOLUTION 478 REGARDING ACCESS LICENSE FOR OCEANVIEW HOME OWNERS ASSOCIATION** *(7 minutes)*
8. **SELECTION OF REPRESENTATIVE TO ATTEND ACWA 2009 DC CONFERENCE** *(2 minutes)*
9. **DIRECTORS' REQUEST FOR AGENDA ITEMS FOR NEXT MEETING** *(5 minutes)*
10. **[CLOSED SESSION] CONFERENCE WITH LEGAL COUNSEL ANTICIPATED LITIGATION: SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(b) (one case).** *(10 minutes)*
11. **MEETING SCHEDULE**
 - January 26, 2009 following CCRB at 2:15 P.M., COMB Office
 - Availability of Board Packages on COMB Website
www.cachuma-board.org
12. **LAURO DEBRIS BASIN SITE VISIT** *(30 minutes)*
13. **COMB ADJOURNMENT**

NOTICE TO PUBLIC

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

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

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

MINUTES OF A REGULAR MEETING
of the
CACHUMA OPERATION & MAINTENANCE BOARD
held at the
Cachuma Operation & Maintenance Board Office
3301 Laurel Canyon Road, Santa Barbara, CA
Monday, November 24, 2008

1. Call to Order, Roll Call

The meeting was called to order at 3:08 p.m. by President Chuck Evans, who chaired the meeting. Those in attendance were:

Directors present:

Chuck Evans	Goleta Water District
Das Williams	City of Santa Barbara
Jan Abel	Montecito Water District
Bob Lieberknecht	Carpinteria Valley Water District

Others present:

Kate Rees	William Hair
Chip Wullbrandt	Eric Ford
Charles Hamilton	Brett Gray
Tom Mosby	Rebecca Bjork
Chris Dahlstrom	Gary Kvistad
Bob McDonald	Phil Walker

2. Public Comment

There were no comments from the public.

**3. Closed Session/Conference with Legal Counsel Anticipated Litigation:
Significant Exposure to Litigation Pursuant to Government Code section
54956.9(b) (one case).**

The Board went into closed session at 3:09 p.m. and came out of closed session at 3:26 p.m.

The report out of closed session was that the Board approved a letter to be sent to the County of Santa Barbara regarding a \$60,000 contribution toward the Quagga Mussel Inspection and Prevention Program.

(The Board next considered item #9)

9. Cachuma Project Metering Issues in Carpinteria Reach of South Coast Conduit

Ms. Rees briefed the Board on water metering issues in the Carpinteria reach of the South Coast Conduit. She reported that the meters and laterals installed in the 1950's have not been properly maintained over time due to the inability to effectively shut down the SCC for any length of time to do so. The meters are no longer accurate or reliable, and a number of the meters have been dysfunctional for many years. During July 2008, a discrepancy over several months was noted between COMB's metered water use for CVWD and CVWD's actual water sales, showing CVWD water sales greater than the metered water use. Meetings were held among COMB, CVWD, and MWD staff, and it was mutually decided, as an interim measure, to use the boundary meter to determine CVWD's water usage until a permanent solution had been agreed upon. Brett Gray reported on the collective effort among the staff engineers at CVWD, MWD and COMB to develop a recommendation for a permanent solution and several options are being evaluated. It has been acknowledged by all the agencies involved that rehabilitation of the laterals in this reach will be necessary given their age and condition.

Director Lieberknecht requested that staff report on how Cachuma water is metered from Lake Cachuma all the way to Carpinteria. This would be beneficial information for the current COMB Directors and for any new Directors on the Member Units Boards.

10. COMB Capital Improvement Program/Bond Issuance Update
a. CVWD Letter and Memo Regarding COMB CIP Program

Included in the board packet was a letter from Charles Hamilton, General Manager of CVWD. Ms. Rees reported that Mr. Hamilton is seeking a review by the Member Units of all anticipated COMB expenses projected for the FY 09-10 Budget earlier than usual, as well as a Member Unit evaluation of COMB's Capital Improvement Program. This would enable the Member Units to plan their own budgets more effectively.

Bob McDonald, CVWD District Engineer, reviewed his memo which generally evaluated the COMB Capital Improvement Projects Program (CIP) from the perspective of the CVWD. There was discussion concerning the prioritization of the CIP projects and the financial burden that the bond would create for the Member Units. Ms Rees explained that the bond was structured to keep the debt repayment at approximately the same level as the special projects line item in the COMB budget (about \$1.2 million per year) until 2015. Therefore, the bond issuance would not trigger a potential increase in water rates for about 6 years. Directors Abel and Williams indicated that the COMB Board's CIP Committee had been working with staff for about a year on the CIP Program, prioritization of capital projects, and the proposed CIP bond issuance, and that CVWD's request to have greater Member Unit participation had come very late in the process. Ms Rees mentioned that COMB staff had presented the CIP Program, prioritization of

projects, and the proposed bond issuance to all of the individual Member Unit Boards, including CVWD. She also indicated that staff's intention was always to carry out as much capital improvement work as possible with bond funds, and that it was possible that some rehabilitation work in the Carpinteria reach could be included, largely because of grant funding from Prop 50 for the 2nd Pipeline project. The Board agreed to take comments on the memo under consideration.

In response to the request from Mr. Hamilton for a much earlier budget development process, Ms. Rees stated that COMB would begin its FY 2009-10 budget planning in January.

11. Proposal to Form a COMB Operating Committee

A letter from Mr. Hamilton was included in the board packet requesting that the COMB Board consider the formation of an Operating Committee fashioned after CCWA's Operating Committee. Ms. Rees thought this suggestion had merit, and it would allow the individual Member Units to have more direct involvement in developing, funding, and constructing COMB's CIP projects.

The recommendation before the Board was for the Board President to appoint an Ad Hoc Committee to develop a recommendation regarding the formation of a COMB Operating Committee.

President Evans appointed Ms. Rees (COMB), Charles Hamilton (CVWD) and Rebecca Bjork (City of Santa Barbara) as the Ad Hoc Committee.

(The Board next consider item #4)

4. Consent Agenda

- a. Minutes:**
October 27, 2008 Regular Board Meeting
- b. Investment Funds**
Financial Report
Investment Report
- c. Payment of Claims**

Director Williams moved to approve the Consent Agenda, seconded by Director Evans, passed 6/0/1, Director Loudon was absent.

(The Board next considered item #7)

7. Reports From the Manager

- a. Cachuma Water Reports**
The water reports prepared by Janet Gingras were included in the board packet.

b. Operations Report

Mr. Gray's operation report for the month was included in the board packet.

c. 2008 Surcharge Accounting

Ms. Rees surcharge accounting report was included in the board packet.

d. Lauro Debris Basin Progress Report

Mr. Gray's progress report on the Lauro Debris Basin project was included in the board packet.

e. Upper Santa Ynez River Operations Agreement Update (USYROA)

Ms. Rees reported that the regular monthly report from the City of Santa Barbara on the USYROA was included in the board packet. The City has initiated the "Pass Through" mode of operation, and is working with Reclamation to develop a Warren Act Contract for storage of non-Cachuma Project water in Lake Cachuma.

f. COMB Activities Related to Tea Fire

Ms. Rees acknowledged the contribution of the staff from Montecito Water District and the City of Santa Barbara for their enormous effort in assisting with the fire fighting effort and providing water throughout the fire. COMB staff also assisted by keeping water levels high in Lauro Reservoir and water dropping helicopters took water from Lauro Reservoir as needed. It was agreed by all that no payment would be required for the water used from Lauro.

g. Cachuma Reservoir Current Conditions

Date 11/24/2008

Lake elevation	742.45 feet
Storage	166,255 acre feet
Rain (for the month to date)	0.4 inches
Rain YTD (for the season to date)	0.49 inches
Fish Release-Hilton Creek	23.6 to 16.58 acre feet per day
Month to Date Fish Release	500.5 acre feet
Month to Date Spill	0 acre feet
Year to Date Spill	0 acre feet

(The Board next considered item #5)

5. COMB Board Elections Effective December 5, 2008

The recommendation before the Board was to elect a new Board President due to President Chuck Evans leaving the COMB Board effective December 5, 2008. Should the Board Vice President, Das Williams, be elected as President, the Board was requested to elect a new Vice President of the Board.

Director Abel moved to nominate Das Williams as President of the Board, effective December 5, 2008, seconded by Director Lieberknecht, passed 4/0/3, Director Williams abstained, Director Loudon was absent.

Director Abel nominated Director Lieberknecht as Vice President of the Board, effective December 5, 2008, seconded by Director Evans, passed 5/0/2, Director Lieberknecht abstained, Director Loudon was absent.

6. COMB Resolution No. 477 Commendation for Chuck Evans

Vice President Williams presented Board Resolution No. 477 expressing appreciation and thanks to Director Chuck Evans upon his retirement from the Goleta Water District Board and from the COMB Board.

Director Lieberknecht moved to approve Resolution No. 477, seconded by Director Abel, a roll call vote was taken, passed 4/0/3, Director Evans abstained, Director Loudon was absent.

(The Board next considered item #8)

8. Amendment to Bradbury Dam Safety of Dams Repayment Agreement

Ms. Rees reported that the total cost of the Bradbury Dam Safety of Dams Modification Program had exceeded the original contractual amount of \$45,276,008 by \$3,045,539. The actual total is now \$48,321,547. COMB is responsible for paying 15% of the new total cost, or \$7,248,232. This is \$456,831 more than the original contractual amount. The Bradbury Dam Safety of Dams Repayment Agreement must be amended to reflect the higher total and repayment amount.

Director Williams moved to authorize development of an administrative amendment to the Bradbury Dam Safety of Dams Repayment Agreement between the U.S. Bureau of Reclamation and the Cachuma Operation & Maintenance Board to amend the total cost of the seismic modifications to Bradbury Dam, COMB's 15% obligation for the total cost, and the annual repayment amount, seconded by Director Lieberknecht, passed 6/0/1, Director Loudon was absent.

(The Board next considered item #12)

12. Santa Barbara County's Integrated Regional Water Management Plan Activities

a. Prop 50 IRWMP Project Participant Meeting, November 20, 2008

Ms. Rees included the agenda from the November 20, 2008 meeting, which dealt with Prop 50 administration. The Master Contract between the State of California and the County Water Agency has been completed, and will be signed and executed on December 19, 2008. The individual project participants' sub-contracts and MOUs have all been approved.

b. DWR Prop 84 Workshop, November 21, 2008

Ms. Rees reported that Prop 84 is the next step in the IRWMP process. The maximum amount the Central Coast Region can get is \$52 million. The workshop walked the participants through the processes involved with participating in Prop 84.

c. Prop 84 – Components of New IRWMP MOU

Included in the board packet was information but together by Rob Almy for the participation by local agencies in Prop 84.

13. COMB/CCRB Comments on Draft Cachuma RMP/EIS

Ms. Rees included in the board packet, joint comments from COMB and CCRB on the Draft Environmental Impact Statement for the Cachuma Lake Resources Management Plan, and highlighted the major comments.

14. Directors' Request for Agenda Items for Next Meeting

There were no additional items requested.

15. Meeting Schedule

The next regular Board meeting will be held December 15, 2008 following the 2:15 p.m. CCRB regular Board meeting, at the COMB office.

The Agendas and Board Packets are available on the COMB website, www.cachuma-board.org

16. COMB Adjournment

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

Respectfully submitted,

Kate Rees, Secretary of the Board

APPROVED:

Das Williams, President

Approved _____

Unapproved _____ ✓



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

www.treasurer.ca.gov/pmia-laiif
 December 08, 2008

CACHUMA OPERATION AND MAINTENANCE BOARD

PMIA Average Monthly Yields

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

Account Number:

Transactions

Tran Type Definitions

November 2008 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
11/12/2008	11/12/2008	RW	1199106	KATHLEEN REES	-768,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	2,491,158.93
Total Withdrawal:	-768,000.00	Ending Balance:	1,723,158.93

MEMO TO: Board of Directors
 Cachuma Operation & Maintenance Board

FROM: Kathleen Rees, Secretary

SUBJECT: COMB INVESTMENT POLICY

The above statement of investment activity for the month of November, 2008, 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.

Kathleen Rees

Secretary

ITEM # 36
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P.O. BOX 660022
DALLAS, TX 75266-0022

10250576

This Statement Covers

From: 11/01/08
Through: 11/30/08

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or visit us at wamu.com

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



1-0

Your Guaranteed Great Rate Money Market Detail Information

CACHUMA OPERATION AND MAINTENANCE BOARD

Account Number:
Washington Mutual Bank, FA

Your Account at a Glance

Beginning Balance	<i>KP 12/8/08</i>	\$5,031.91 ✓	Interest Earned	\$3.10
Checks Paid		\$0.00	Annual Percentage Yield Earned	0.75%
Other Withdrawals		\$0.00	YTD Interest Paid	\$57.62
Deposits		+\$3.10	YTD Interest Withheld	\$0.00
Ending Balance		\$5,035.01		

Date	Description	Withdrawals (-)	Deposits (+)
11/28	Interest Payment		\$3.10 ✓

MEMO TO: Board of Directors
Cachuma Operation & Maintenance Board

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Kathleen Rees
Secretary

ITEM # 36
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P.O. BOX 660022
DALLAS, TX 75266-0022

10250577

This Statement Covers

From: 11/01/08
Through: 11/30/08

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



1-0

Your Guaranteed Great Rate Money Market Detail Information

CACHUMA OPERATION AND MAINTENANCE BOARD
TRUST FUND

Account Number:
Washington Mutual Bank, FA

Your Account at a Glance

Beginning Balance	<i>KK</i>	\$151,136.03 ✓	Interest Earned	\$92.91
Checks Paid	<i>12/31/08</i>	\$0.00	Annual Percentage Yield Earned	0.75%
Other Withdrawals		\$0.00	YTD Interest Paid	\$2,654.89
Deposits		+\$92.91	YTD Interest Withheld	\$0.00
Ending Balance		\$151,228.94		

Date	Description	Withdrawals (-)	Deposits (+)
11/28	Interest Payment		\$92.91 ✓

MEMO TO: Board of Directors
Cachuma Operation & Maintenance Board

FROM: Kathleen Rees, Secretary

SUBJECT: COMB INVESTMENT POLICY

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Kathleen Rees
Secretary

ITEM # 36
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1:43 PM
 12/08/08
 Accrual Basis

comb2
Payment of Claims
 As of November 30, 2008

Date	Num	Name	Memo	Split	Amount
1050 · GENERAL FUND					
11/12/2008	17519	Acorn Landscape Manage...		2200 · ACC...	-508.30
11/12/2008	17520	ACWA Health Benefits Au...	Nov EAP	2200 · ACC...	-47.46
11/12/2008	17521	All Around Landscape Sup...	Shovels/machette	2200 · ACC...	-259.00
11/12/2008	17522	Aqua-Flo Supply		2200 · ACC...	-141.58
11/12/2008	17523	AT&T	Oct statement	2200 · ACC...	-338.06
11/12/2008	17524	Boyle Engineering Corp.		2200 · ACC...	-52,879.61
11/12/2008	17525	C. Charles Evans	Oct mtg fees	2200 · ACC...	-133.85
11/12/2008	17526	CIO Solutions, Inc.		2200 · ACC...	-2,062.50
11/12/2008	17527	City of Santa Barbara-Rec...	Recycle 9/29-10/29/08	2200 · ACC...	-2.78
11/12/2008	17528	City of SB-Refuse	Refuse 9/29-10/29/08	2200 · ACC...	-164.23
11/12/2008	17529	Coastal Copy, LP	Lease/mtce agmt KM-C4035 9/9/...	2200 · ACC...	-83.14
11/12/2008	17530	COMB-Petty Cash	Replenish petty cash	2200 · ACC...	-324.52
11/12/2008	17531	COMB - Revolving Fund	Nov 14 & 28, 2008 payroll/taxes	2200 · ACC...	-102,308.01
11/12/2008	17532	County of Santa--Barbara	Green vegetation	2200 · ACC...	-9.00
11/12/2008	17533	Cox Communications	Business internet 10/18-11/17/08	2200 · ACC...	-199.00
11/12/2008	17534	CSK Auto, Inc.		2200 · ACC...	-135.26
11/12/2008	17535	Culligan Water	RO system Nov	2200 · ACC...	-24.95
11/12/2008	17536	Cushman Contracting Corp.	Lauro Res Debris Basin Project E...	2200 · ACC...	-488,295.69
11/12/2008	17537	Das Williams	Oct mtg fees	2200 · ACC...	-265.70
11/12/2008	17538	Dell Marketing L.P.		2200 · ACC...	-9,544.98
11/12/2008	17539	Earth Systems Southern C...	Lauro Debris Basin services thru ...	2200 · ACC...	-230.00
11/12/2008	17540	ECHO Communications	Answering service	2200 · ACC...	-66.80
11/12/2008	17541	Famcon Pipe & Supply		2200 · ACC...	-5,567.46
11/12/2008	17542	Fed Ex Kinko's, Inc.		2200 · ACC...	-620.64
11/12/2008	17543	Fleet Services	Fuel	2200 · ACC...	-1,472.83
11/12/2008	17544	Flowers & Associates, Inc.		2200 · ACC...	-20,247.77
11/12/2008	17545	GE Capital	Copier lease Billing ID#90133933...	2200 · ACC...	-494.57
11/12/2008	17546	Hydrex Pest Control Co.	Ant/pest control	2200 · ACC...	-65.00
11/12/2008	17547	J&C Services	Ofc cleaning 10/10,17,24,31	2200 · ACC...	-500.00
11/12/2008	17548	Jan Abel	Oct mtg fees	2200 · ACC...	-279.40
11/12/2008	17549	Lash Construction, Inc.	Dump fee	2200 · ACC...	-275.00
11/12/2008	17550	MarBorg Industries		2200 · ACC...	-301.59
11/12/2008	17551	MarVac Electronics	Misc supplies	2200 · ACC...	-112.35
11/12/2008	17552	Matt Loudon	Oct mtg fees	2200 · ACC...	-161.18
11/12/2008	17553	McCormix Corp.	Diesel fuel	2200 · ACC...	-164.96
11/12/2008	17554	McMaster-Carr Supply Co.	Angle/self-tapping screws/strut ch...	2200 · ACC...	-370.06
11/12/2008	17555	Milpas Rental	Saw rental	2200 · ACC...	-142.97
11/12/2008	17556	MNS Engineers, Inc.	Lake Cachuma Bathymetric surve...	2200 · ACC...	-4,578.68
11/12/2008	17557	Nextel Communications	Cellular/Equipment	2200 · ACC...	-649.34
11/12/2008	17558	Nordman, Cormany, Hair ...	Gen Counsel Oct services	2200 · ACC...	-8,129.89
11/12/2008	17559	Paychex, Inc.	10/3,17,31 payrolls/taxes/qtr end	2200 · ACC...	-355.92
11/12/2008	17560	PG&E		2200 · ACC...	-281.56
11/12/2008	17561	Powell Garage	CCRB-Colorado	2200 · ACC...	-254.48
11/12/2008	17562	Praxair Distribution, Inc	Cylinder rental	2200 · ACC...	-50.72
11/12/2008	17563	Prudential Overall Supply		2200 · ACC...	-412.65
11/12/2008	17564	Republic Elevator Co.		2200 · ACC...	-562.85
11/12/2008	17565	Robert Lieberknecht	Oct mtg fees	2200 · ACC...	-144.55
11/12/2008	17566	Sansum Clinic-Occupation...	Pre-employment physical-SP	2200 · ACC...	-209.00
11/12/2008	17567	Santa Barbara Sand & To...		2200 · ACC...	-1,782.68
11/12/2008	17568	SB Home Improvement C...	Tool	2200 · ACC...	-18.31
11/12/2008	17569	Science Applications Inter...		2200 · ACC...	-25,735.14
11/12/2008	17570	Select Staffing	Temp help-JMcKean	2200 · ACC...	-223.44
11/12/2008	17571	Sound Billing LLC		2200 · ACC...	-412.86
11/12/2008	17572	Southern California Edison		2200 · ACC...	-1,232.05
11/12/2008	17573	Southwest Services	Qrty Calibration-GATO & SP flow ...	2200 · ACC...	-530.08
11/12/2008	17574	Staples Credit Plan	Office supplies	2200 · ACC...	-1,333.16
11/12/2008	17575	State Compensation Insur...	Payroll Report Oct 08	2200 · ACC...	-4,030.05
11/12/2008	17576	The Gas Company	Main ofc	2200 · ACC...	-2.43
11/12/2008	17577	Underground Service Alert...	52 new tickets	2200 · ACC...	-78.00
11/12/2008	17578	UPS	Shipping-staff video returns	2200 · ACC...	-14.30
11/12/2008	17579	Verizon California		2200 · ACC...	-416.62

1:43 PM
12/08/08
Accrual Basis

comb2
Payment of Claims
As of November 30, 2008

Date	Num	Name	Memo	Split	Amount
11/12/2008	17580	Verizon Wireless	Cellular	2200 · ACC...	-182.91
11/12/2008	17581	Western Welding	Steel	2200 · ACC...	-302.92
11/12/2008	17582	WFCB-OSH Commercial ...		2200 · ACC...	-873.12
11/21/2008	17583	ACWA Health Benefits Au...	12/1/08-1/1/09 coverage	2200 · ACC...	-11,474.01
11/21/2008	17584	County of Santa Barbara	Hazmat waste disposal	2200 · ACC...	-103.71
11/21/2008	17585	David Ault	Reimb	2200 · ACC...	-64.63
11/21/2008	17586	Information Resources	Background check services SPitm...	2200 · ACC...	-125.00
11/21/2008	17587	Premiere Global Services	Conf. calls Oct	2200 · ACC...	-50.25
11/21/2008	17588	Select Staffing	Temp help-JMcKean	2200 · ACC...	-243.04
11/21/2008	17589	The Gas Company	Main ofc	2200 · ACC...	-1.13
11/21/2008	17590	Verizon California	SCADA	2200 · ACC...	-515.64
11/21/2008	17591	Cox Communications	Business internet 11/18-12/17/08	2200 · ACC...	-199.00
11/24/2008	17592	F. Perez	Ranger bid deposit refund	2200 · ACC...	-25.00
11/24/2008	17593	Flocelo Ruiz Martinez	Trailer bid deposit refund	2200 · ACC...	-25.00
11/24/2008	17594	Miguel D. Rodriguez	Ranger bid deposit refund	2200 · ACC...	-25.00
11/24/2008	17595	R. Torres	Ranger bid deposit refund	2200 · ACC...	-25.00
11/24/2008	17596	V. Ruiz	Trailer bid deposit refund	2200 · ACC...	-25.00

Total 1050 · GENERAL FUND

-754,499.32

TOTAL

-754,499.32

CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

DATE: December 15, 2008
TO: Members of the Board of Directors
FROM: Kate Rees, General Manager
RE: **REPORT FROM THE AUDITOR FOR FISCAL YEAR 2007 AND 2008**

Recommendation:

That the Board of Directors accept the Financial Statements for the fiscal year ended June 30, 2008 and the Independent Auditor's Report.

Discussion:

Enclosed in your board package are copies of the Financial Statements for the Fiscal Year ending June 30, 2008 and the Independent Auditors' Report prepared by COMB's Auditor Bartlett, Pringle & Wolf, LLP.

I am pleased to report that the Financial Statements and Auditor's Report for fiscal year 2007-2008 has been completed within the normal 180 day timeframe and is presented here for your consideration. Danna McGrew and Stacey Hansen were greatly assisted in the preparation of the FY 2007-2008 Audit by Administrative Manager, Janet Gingras, and Administrative Assistant, Adelle Capponi.

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

The substantive portions of the FY 2007-2008 Audit and the Notes to the Financial Statements will be brought to your attention during discussion on this item at the Board meeting.

Respectfully submitted,



Kate Rees
General Manager

December 8, 2008

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

In planning and performing our audit of the financial statements of Cachuma Operation and Maintenance Board (COMB) for the year ended June 30, 2008, we considered COMB's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of COMB's internal control. Accordingly, we do not express an opinion on the effectiveness of COMB's internal control.

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

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

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

Prior Year Comments

The following comments appeared in our prior year letter to you dated October 11, 2007:

Control Deficiencies

Support for Expense Reimbursements

During our testing of employee credit card purchases we noted four charges out of eighteen that were missing at least one receipt. Missing receipts were for meals and

entertainment and for conference fees. We suggest that additional attention be paid to retaining and submitting receipts for credit card purchases.

Current Status: All expense reimbursements examined during the current year audit had adequate support.

Segregation of Duties

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

Cash Receipts, Cash Disbursements and Bank Reconciliations

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

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

Purchasing and Receiving

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

Bank Reconciliations

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

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

Current Status: Management put controls in place to adequately segregate these duties. The Administrative Secretary prepares a cash receipt listing and also receives most shipments. The Administrative Manager endorses checks prior to forwarding them to the Administrative Assistant.

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

Significant Deficiency

Journal Entry Approval

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

Current Status: In the current year the Administrative Manager reviewed year end journal entries with the General Manager.

Control Deficiency

Cancellation of Invoices

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

Current Status: All invoices examined during the current year were cancelled after payment.

Conclusion

This communication is intended solely for the information and use of the Board, management, and others within COMB, and is not intended to be and should not be used by anyone other than these specified parties. This letter does not affect our report dated December 8, 2008 on the financial statements of Cachuma Operation and Maintenance Board.

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

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

Cachuma Operation and Maintenance Board
December 8, 2008
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Very truly yours,

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

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**CACHUMA OPERATION
AND MAINTENANCE BOARD**

FINANCIAL STATEMENTS

June 30, 2008 and 2007



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

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CACHUMA OPERATION AND MAINTENANCE BOARD

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December 8, 2008

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of net assets of Cachuma Operation and Maintenance Board ("COMB") as of June 30, 2008 and 2007 and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of COMB's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of COMB at June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

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

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

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schedules on pages 30 and 31 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of COMB's management. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

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

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FISCAL YEAR ENDED JUNE 30, 2008

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, 2008. This information should be read in conjunction with the financial statements and the additional information included herewith.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Summary of Organization and Business

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

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

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

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

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

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

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

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

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

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

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Operating Assessments

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

Four of the Member Units, not including Santa Ynez River Water Conservation District, Improvement District No. 1, fund the operation and maintenance portion of the annual budget as well as the cost of special projects for other Cachuma Project storage and conveyance facilities that serve the South Coast of Santa Barbara County. These facilities include the Tecolote Tunnel, the South Coast Conduit (SCC), and four dams and reservoirs (Glen Anne, Lauro, Ortega and Carpinteria). During the year ended June 30, 2008 COMB conducted and/or completed a number of special studies and projects using revenue provided by these assessments. These included SCC improvement plans and life expectancy studies; and rehabilitation and betterment of control stations, valves and structures.

COMB Committees

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

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

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FINANCIAL HIGHLIGHTS

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

Condensed Statement of Net Assets

	Year Ended		Variance	
	June 30, 2008	June 30, 2007	Dollars	Percent
Current Assets	\$ 2,158,315	\$ 2,059,488	\$ 98,827	4.8%
Restricted Assets	287,420	61,782	225,638	365.2%
Property, Plant & Equipment	235,519	264,389	(28,870)	-10.9%
Other Assets	6,727,445	6,770,319	(42,874)	-0.6%
Total Assets	\$ 9,408,699	\$ 9,155,978	\$ 252,721	2.8%
Current Liabilities	\$ 867,905	\$ 1,203,744	\$ (335,839)	-27.9%
Long-Term Liabilities	6,727,445	6,770,319	(42,874)	-0.6%
Total Liabilities	7,595,350	7,974,063	(378,713)	-4.7%
Net Assets				
Invested in Capital Assets	235,519	249,186	(13,667)	-5.5%
Unrestricted	1,577,830	932,729	645,101	69.2%
Total Liabilities & Net Assets	\$ 9,408,699	\$ 9,155,978	\$ 252,721	2.8%

Statement of Net Assets Analysis

Total assets as of June 30, 2008 are in line with the previous year at \$9.4 million, or 2.8% more than the June 30, 2007 amount. The changes are noted below.

- Current assets are 4.8% higher than the prior year primarily due to an increase in the carrying amount of cash in the Local Area Investment Fund. Cash declined slightly while investments increased due to construction projects that were work in process at year end.
- Restricted assets are the only significant variance change on a percentage basis. This is attributable to the Renewal Fund / Trust Fund account balances at June 30, 2008 being larger due to an increase in deposits compared to the previous year at the same time.

CACHUMA OPERATION AND MAINTENANCE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS

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Statement of Net Assets Analysis (Continued)

- The value of property, plant and equipment is slightly less than the prior year amount due to depreciation of capital equipment, office furniture and computer equipment.
- Other assets are virtually the same as the prior year.
- Current liabilities are 27% less than the prior year amount, due to the timing of payments on accounts payable, an increase in payables to related entity and a decrease in deferred revenue. Additionally, the capital lease and note payable were paid off during the year.
- Long term liabilities are in general about the same as the previous year.
- Unrestricted net assets are 69.2% higher than the previous year due to funds that are committed for the Lauro Debris basin project which amount to approximately \$1.1million in total. The remaining unrestricted net assets will be constructively returned to the member units on a proportionally allocated basis.

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

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

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	Year Ended		Variance	
	June 30, 2008	June 30, 2007	Dollars	Percent
Operating Revenues (Expenses):				
Operating Revenues	\$ 4,256,722	\$ 3,000,488	\$ 1,256,234	41.9%
Operating Expenses, excluding Depreciation Expense	(3,470,585)	(2,427,431)	(1,043,154)	43.0%
Depreciation	(106,203)	(105,830)	(373)	0.4%
Operating Income (Deficit)	679,934	467,227	212,707	45.5%
Non-operating Revenues	62,280	45,131	17,149	38.0%
Non-operating Expenses	(110,780)	(116,307)	5,527	-4.8%
Change in Net Assets	\$ 631,434	\$ 396,051	\$ 22,676	5.7%

Statement Analysis

- Operating revenues as of June 30, 2008 show an increase of 42% due to revenues that were deferred to the current fiscal year for the continuation of construction projects.
- Operating expenses, excluding depreciation and amortization expense are about 43% higher than the prior year amount due primarily to significant special project expenses.
- Non-operating revenues were higher compared with the prior year primarily due to interest income.
- Non-operating expenses were consistent with the prior year and consisted primarily of the interest expense relating to the SOD Act contract payable.

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

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Capital Assets

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

	Year Ended		Variance	
	June 30, 2008	June 30, 2007	Dollars	Percent
	Vehicles	\$ 322,994	\$ 291,883	\$ 31,111
Office Furniture and Equipment	173,989	169,593	4,396	2.6%
Field Equipment	357,779	315,952	41,827	13.2%
Mobile Offices Used for Facilities	97,803	97,803	-	0.0%
Resurfacing	22,350	22,350	-	0.0%
Total Capital Assets	974,915	897,581	77,334	8.6%
Accumulated Depreciation	(739,396)	(633,192)	(106,204)	16.8%
Net Capital Assets	\$ 235,519	\$ 264,389	\$ (28,870)	-10.9%

Debt Administration

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

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

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

CACHUMA OPERATION AND MAINTENANCE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS

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Work activities related to the completion of the Bradbury SOD Act rehabilitation produced additional costs which increased the cost of the project by approximately \$3.045 million as of June 30, 2008. Fifteen percent of that total equals approximately \$456,831 which has been reflected in the long term liability obligation.

The funds expended from Reclamation through June 30, 2008 regarding the Lauro Dam rehabilitation project totaled less than what was reported in the prior year. The costs identified in the Re-Payment Schedule for this project approximate \$5,974,937. The fifteen percent obligation plus interest during construction equates to approximately \$896,240 for the Lauro SOD Act repayment debt which appears in the long term liability account.

Work activities related to the completion of the Lauro Dam SOD Act rehabilitation produced additional costs which increased the cost of the project by approximately \$0.531 million as of June 30, 2008. Fifteen percent of that total equals approximately \$79,713 which has been reflected in the long term liability obligation.

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CACHUMA OPERATION AND MAINTENANCE BOARD
STATEMENT OF NET ASSETS
June 30, 2008 and 2007

<u>ASSETS</u>		
	<u>2008</u>	<u>2007</u>
Current Assets		
Cash (Note 3)	\$ 772,177	\$ 877,440
Investments (Note 3)	1,243,638	994,744
Receivable from related entity (Note 13)	45,595	60,950
Other receivables	13,665	-
Prepaid insurance	13,680	11,601
Deposits	3,906	3,906
Current portion of accounts receivable (Note 5)	-	58,023
Current portion of SOD Act assessments receivable (Note 6)	65,654	52,824
Total current assets	<u>2,158,315</u>	<u>2,059,488</u>
Restricted Cash (Note 4)	<u>287,420</u>	<u>61,782</u>
Capital Assets (Note 7)		
Vehicles	322,994	291,883
Office furniture and equipment	173,989	169,593
Field equipment	357,779	315,952
Mobile offices used for facilities	97,803	97,803
Resurfacing	22,350	22,350
Subtotal	974,915	897,581
Less: accumulated depreciation	<u>(739,396)</u>	<u>(633,192)</u>
Capital assets, net	<u>235,519</u>	<u>264,389</u>
Other Assets		
Long-term assessments receivable SOD Act (Note 6)	<u>6,727,445</u>	<u>6,770,319</u>
Total other assets	<u>6,727,445</u>	<u>6,770,319</u>
Total assets	<u>\$ 9,408,699</u>	<u>\$ 9,155,978</u>

See accompanying notes

**CACHUMA OPERATION AND MAINTENANCE BOARD
STATEMENT OF NET ASSETS
June 30, 2008 and 2007**

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LIABILITIES AND NET ASSETS

	2008	2007
Current Liabilities		
Accounts payable	\$ 436,295	\$ 588,484
Accrued wages	32	23
Accrued vacation and sick leave benefits	78,504	71,005
Payable to related entity (Note 4)	287,420	61,782
Deferred revenue	-	356,400
Current portion of capital lease (Note 8)	-	15,203
Current portion of note payable (Note 9)	-	58,023
Current portion of SOD Act contract payable (Note 6)	65,654	52,824
Total current liabilities	867,905	1,203,744
Long-Term Liabilities		
SOD Act contract payable, net of current portion (Note 6)	6,727,445	6,770,319
Total long-term liabilities	6,727,445	6,770,319
Total liabilities	7,595,350	7,974,063
Commitments and Contingencies (Note 14)		
Net Assets		
Invested in capital assets, net of related debt	235,519	249,186
Unrestricted:		
Designated for Lauro Debris Basin Project	423,494	544,050
Designated to be constructively returned	1,154,336	388,679
Total net assets	\$ 1,813,349	\$ 1,181,915

See accompanying notes

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CACHUMA OPERATION AND MAINTENANCE BOARD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating Revenues		
Operating assessments from member agencies	\$ 4,255,540	\$ 2,998,332
State disaster relief funds	700	2,156
Other revenues	482	-
Total operating revenues	<u>4,256,722</u>	<u>3,000,488</u>
Operating Expenses		
Operation and maintenance of Cachuma Project		
Operation and maintenance	924,458	885,187
General and administrative	440,513	464,523
Litigation	89,801	112,507
Other maintenance	2,015,813	965,214
Depreciation	106,203	105,830
Total operating expenses	<u>3,576,788</u>	<u>2,533,261</u>
Net Operating Income	<u>679,934</u>	<u>467,227</u>
Non-Operating Revenues (Expenses)		
Interest income	62,280	45,131
Interest expense	(110,780)	(116,307)
Total non-operating expenses	<u>(48,500)</u>	<u>(71,176)</u>
Change in Net Assets	631,434	396,051
Total Net Assets, Beginning of Year	<u>1,181,915</u>	<u>785,864</u>
Total Net Assets, End of Year	<u>\$ 1,813,349</u>	<u>\$ 1,181,915</u>

See accompanying notes

**CACHUMA OPERATION AND MAINTENANCE BOARD
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2008 and 2007**

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	2008	2007
<u>Cash Flows from Operating Activities</u>		
Cash received from member agencies	\$ 3,996,322	\$ 3,461,017
Cash received from Office of Emergency Services	700	2,156
Cash received from other sources	482	-
Cash payments to suppliers for operations	(2,956,745)	(1,429,226)
Cash payments to employees	(645,245)	(622,857)
Net cash provided by operating activities	395,514	1,411,090
<u>Cash Flows from Noncapital Financing Activities</u>		
Increase (decrease) in restricted assets	225,638	23,418
(Increase) decrease in deposits held for related entity	(225,638)	(23,418)
Net cash provided by noncapital financing activities	-	-
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition of capital assets	(77,333)	(127,464)
Proceeds from sale of assets	-	-
Payments on note payable	(58,354)	(57,309)
Payments on capital lease	(16,699)	(17,943)
Payments on SOD Act contract payable	(161,777)	(161,948)
Net cash flows used by capital and related financing activities	(314,163)	(364,664)
<u>Cash Flows From Investing Activities</u>		
Interest received	62,280	45,131
Purchase of investments	(3,176,891)	(3,176,890)
Proceeds from redemptions of investments	2,927,997	2,922,000
Net cash flows used by investing activities	(186,614)	(209,759)
Net Increase (decrease) in Cash	(105,263)	836,667
Cash and Cash Equivalents - Beginning of Year	877,440	40,773
Cash and Cash Equivalents - End of Year	\$ 772,177	\$ 877,440

See accompanying notes

**CACHUMA OPERATION AND MAINTENANCE BOARD
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2008 and 2007**

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	2008	2007
<u>Reconciliation of net operating income to net cash provided by operating activities</u>		
Net operating income	\$ 679,934	\$ 467,227
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation expense	106,203	105,830
Changes in operating assets and liabilities		
Receivable from related entity	15,355	2,918
Other receivables	(13,665)	-
Prepaid insurance	(2,079)	(42)
Deposits	-	1,137
Receivable from member unit	58,023	56,383
Current portion of SOD Act assessment receivable	52,824	49,902
Accounts payable	(152,189)	362,141
Accrued wages	9	5
Accrued vacation and sick leave benefits	7,499	9,189
Deferred revenue	(356,400)	356,400
	\$ 395,514	\$ 1,411,090
Net cash provided by operating activities	\$ 395,514	\$ 1,411,090

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Organization

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

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

Note 2 - Summary of Significant Accounting Policies**A) Basis of Accounting**

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

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

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

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

B) Cash and Cash Equivalents

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

Note 2 - Summary of Significant Accounting Policies (Continued)C) Capital Assets

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

D) Investments

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

E) Accrued Vacation and Sick Pay

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

F) Deferred Revenue

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

G) Unspent Operating Assessments

The operating assessments represent amounts received from COMB's Member Units to fund current operations. To the extent that revenues exceed expenses in a given year, they are constructively returned to the Member Units in subsequent years.

H) Use of Estimates

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

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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Note 3 - Cash and Investments

Cash

At June 30, 2008 and 2007 the carrying amounts of cash in banks were \$772,177 and \$877,440 and the corresponding bank balances were \$776,416 and \$890,059, respectively. Of the bank balances at June 30, 2008 and 2007, \$100,000 was covered by federal depository insurance and \$676,416 \$790,059 for 2008 and 2007, respectively, were secured with collateral. The California Government Code requires all California financial institutions to secure a local government agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of an agency's deposits. California law also allows financial institutions to secure agency deposits by pledging first trust deed mortgage notes having a value of 150% of the agency's total deposits. All COMB cash held by a financial institution is, therefore, entirely insured and collateralized.

Investments

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

In accordance with governmental accounting standards, investments are categorized by level of credit risk assumed at year end. Category 1 includes investments that are insured or registered or for which the securities are held by COMB or its agency in COMB's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in COMB's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, by its trust department or agency but not in COMB's name. All of COMB's investments are non-categorized at June 30, 2008 and 2007.

Short-term investments consist of deposits with the LAIF, a fund established by the State of California to assist local agencies in the achievement of maximum earnings. The interest rate on the LAIF deposit varies. For the years ended June 30, 2008 and 2007, the average earnings rate was approximately 5%. The amounts on deposit as of June 30, 2008 and 2007 were \$1,243,638 and \$994,744, respectively.

Investment Risk

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

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

At June 30, 2008, COMB's investments, other than those which are obligations of or guaranteed by the U.S. Government, are rated as to credit quality as follows:

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

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

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Note 3 - Cash and Investments (Continued)

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in COMB’s name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in COMB’s name. At year end, COMB was not exposed to custodial credit risk.

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

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

As of June 30, 2008, COMB had the following investments:

Investment Type	Amount	Maturity
Local Agency Investment Fund (LAIF)	\$ 1,243,638	N/A

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

Note 4 - Restricted Cash

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

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

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

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

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Note 4 - Restricted Cash (Continued)

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

Summary of restricted cash as of June 30:

	2008	2007
Trust Fund	\$ 281,867	\$ 56,455
Renewal Fund	5,553	5,327
Total Restricted Cash	\$ 287,420	\$ 61,782

Note 5 - Accounts Receivable

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

Note 6 - SOD Act Assessments Receivable and Contract Payable

Bradbury Dam

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

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

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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

COMB will assess the Member Units annually amounts equal to the obligation due Reclamation. The annual payment requirements at June 30, 2008 to retire the contract as of June 30, 2052, including interest payments at 5.856%, are presented in the following table. This table does not include adjustments that will be made to the Bradbury Dam repayment contract due to additional incurred costs or for payments that will be required under the Lauro Dam repayment contract.

	M&I Allocation		Irrigation Allocation	Total
	Principal	Interest		
2009	\$ 55,917	\$ 108,953	\$ -	\$ 164,870
2010	59,192	105,678	-	164,870
2011	62,658	102,212	-	164,870
2012	66,328	98,542	-	164,870
2013	70,212	94,658	-	164,870
2014-2018	417,764	406,586	193,555	1,017,905
2019-2023	555,276	269,074	483,887	1,308,237
2024-2028	573,181	86,299	483,887	1,143,367
2029-2033	-	-	483,887	483,887
2034-2038	-	-	483,888	483,888
2039-2043	-	-	483,887	483,887
2044-2048	-	-	483,888	483,888
2049-2052	-	-	387,110	387,110
	<u>\$ 1,860,528</u>	<u>\$ 1,272,002</u>	<u>\$ 3,483,989</u>	<u>\$ 6,616,519</u>

The interest expense for the SOD Act contract payable was \$108,953 and \$112,046 for the years ended June 30, 2008 and 2007, respectively.

The total cost of the Bradbury Dam SOD Act project is to be reevaluated and the repayment agreement amended as necessary by Reclamation and COMB when all phases of the work are completed. Total project costs as of June 30, 2008 were \$48,321,547, \$3,045,539 higher than the total cost authorized under the repayment contract. It is management's opinion that COMB will be responsible for reimbursing Reclamation 15% of the total construction costs in excess of the costs per the original repayment contract. As of June 30, 2008, an additional liability of \$456,831 was recorded for construction cost incurred in excess of the original repayment agreement. This is an estimate based on management's best judgment which may be adjusted as more current information becomes available.

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

NOTES TO THE FINANCIAL STATEMENTS

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

Lauro Dam

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

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

COMB will assess the Member Units annually amounts equal to the obligation due January 4, 2057, including interest payments at 4.886%, are presented in the following table. This table does not include adjustments that will be made to the Lauro Dam repayment contract due to additional incurred costs or for payments that will be required under the Lauro Dam repayment contract.

	M&I Allocation		Irrigation Allocation	Total
	Principal	Interest		
2009	\$ 9,737	\$ 22,351	\$ -	\$ 32,088
2010	10,213	21,875	-	32,088
2011	10,712	21,376	-	32,088
2012	11,235	20,853	-	32,088
2013	11,784	20,304	-	32,088
2014-2018	68,139	92,301	21,646	182,086
2019-2023	86,493	73,947	54,115	214,555
2024-2028	109,790	50,650	54,115	214,555
2029-2033	139,362	21,078	54,115	214,555
2034-2038	-	-	54,115	54,115
2039-2043	-	-	54,115	54,115
2044-2048	-	-	54,115	54,115
2049-2052	-	-	54,115	54,115
2053-2057	-	-	54,122	54,122
	<u>\$ 457,465</u>	<u>\$ 344,735</u>	<u>\$ 454,573</u>	<u>\$ 1,256,773</u>

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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

The total costs of the Lauro Dam SOD Act project is to be reevaluated and repayment agreement amended as necessary by Reclamation and COMB when all phases of work are completed. The total project costs as of June 30, 2008 were \$6,506,351, \$531,417 higher than the total costs authorized by the repayment contract. It is management's opinion that COMB will be responsible for reimbursing Reclamation 15% of the total construction cost incurred in excess of the original repayment contract. As of June 30, 2008, an additional liability of \$79,713 is recorded for construction cost incurred in excess of the original repayment agreement.

Management deems the assessments receivable related to the Bradbury and Lauro Dams SOD Act projects to be fully collectable. The total SOD Act liability at June 30, 2008 is composed of the following:

Bradbury Dam repayment contract:	
M&I principal	\$ 1,860,528
Irrigation principal	3,483,989
	5,344,517
Total Bradbury Dam repayment contract obligation excluding interest	5,344,517
Bradbury Dam liability for 15% of additional costs incurred over repayment contract	456,831
Total Bradbury Dam SOD Act liability	5,801,348
Lauro Dam repayment contract:	
M&I principal	\$ 457,465
Irrigation principal	454,573
	912,038
Total Lauro Dam repayment contract obligation excluding interest	912,038
Lauro Dam liability for 15% of additional costs incurred over repayment contract	79,713
Total Lauro SOD Act liability	991,751
Total SOD Act Liability	6,793,099
Less current portion	(65,654)
Long-term portion of SOD Act liability	\$ 6,727,445

NOTES TO THE FINANCIAL STATEMENTS

Note 7 - Capital Assets

The following is a summary of capital assets which include property, plant and equipment at June 30, 2008 and 2007.

	Beginning Balance 2008	Additions	Deletions	Ending Balance 2008
Vehicles	\$ 291,883	\$ 31,111	\$ -	\$ 322,994
Office furniture and equipment	169,593	4,396	-	173,989
Field equipment	315,952	41,827	-	357,779
Mobile offices used for facilities	97,803	-	-	97,803
Resurfacing	22,350	-	-	22,350
Total capital assets	897,581	77,334	-	974,915
Less accumulated depreciation and amortization	(633,192)	(106,204)	-	(739,396)
Net capital assets	<u>\$ 264,389</u>	<u>\$ (28,870)</u>	<u>\$ -</u>	<u>\$ 235,519</u>
	Beginning Balance 2007	Additions	Deletions	Ending Balance 2007
Vehicles	\$ 241,944	\$ 49,939	\$ -	\$ 291,883
Office furniture and equipment	102,547	67,046	-	169,593
Field equipment	305,473	10,497	-	315,952
Mobile offices used for facilities	97,803	-	-	97,803
Resurfacing	22,350	-	-	22,350
Total capital assets	770,117	127,464	-	897,581
Less accumulated depreciation and amortization	(527,362)	(105,830)	-	(633,192)
Net capital assets	<u>\$ 242,755</u>	<u>\$ 21,634</u>	<u>\$ -</u>	<u>\$ 264,389</u>

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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Note 8 - Capital Lease Obligation

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

	2008	2007
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 \$70,501 and \$57,521 as of June 30, 2008 and 2007, respectively	\$ -	\$ 15,203
Less current portion	-	(15,203)
Long-term portion	\$ -	\$ -

The capital lease was paid off in full during fiscal year 2008.

Interest expense on the capital lease for the years ended June 30, 2008 and 2007 was \$331 and \$926, respectively. Total depreciation expense for this equipment for the years ended June 30, 2008 and 2007 was \$12,980 and \$14,100, respectively.

Note 9 - Note Payable and Long-Term Debt

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. On June 30, 2008, the loan was paid in full.

Interest expense for this loan for the years ended June 30, 2008 and 2007 was \$1,475 and \$3,761, respectively.

Changes in long term debt amounts for years ended June 30, 2008 and 2007 were as follows:

	Beginning Balance 2008	Addition	Principal Payments	Ending Balance 2008
Santa Barbara Bank & Trust	\$ 58,023	\$ -	\$ 58,023	\$ -
SOD Act Liabilities	6,823,143	91,029	121,073	6,793,099
	\$ 6,881,166	\$ 91,029	\$ 179,285	\$ 6,793,099

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CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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Note 9 - Note Payable and Long-Term Debt (Continued)

	Beginning Balance 2007	Addition	Principal Payments	Ending Balance 2007
Santa Barbara Bank & Trust	\$ 114,406	\$ -	\$ 56,383	\$ 58,023
SOD Act Liabilities	6,473,045	400,000	49,902	6,823,143
	\$ 6,587,451	\$ 400,000	\$ 106,285	\$ 6,881,166

Note 10 - Joint Powers Insurance Authority

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

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

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

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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Note 11 - Defined Benefit Pension Plan

Plan Description

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

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

Funding Policy

Active plan members in the COMB defined benefit plan (the “Plan”) are required to contribute 7% of their annual covered salary. COMB pays this amount to CalPERS on behalf of their employees. The required employer contribution rates for 2008 and 2007 were 10.04% and 9.84%, respectively. The contribution requirements of the Plan’s members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For the years ended June 30, 2008 and 2007, COMB’s annual pension cost (APC) of \$161,831 and \$152,884 respectively, was equal to COMB’s required and actual contributions. The required contribution for the years ended June 30, 2008 and 2007, was determined as part of the actuarial valuation using the entry-age-normal-actuarial-cost method, with the contributions determined as percentage of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.25% to 14.45% a year compounded annually, depending on age, service, and type of employment, attributable to inflation, and (c) merit increases. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of the Plan’s assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a fifteen-year period. CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over 20 years.

Three-year trend information for CalPERS:

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2006	\$ 153,730	100%	\$ -
2007	152,884	100%	-
2008	161,831	100%	-

NOTES TO THE FINANCIAL STATEMENTS

Note 12 - Deferred Compensation Plan

COMB offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, available to employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are maintained (until paid or made available to the participant or beneficiary) in a trust account administered by State Street Bank and Trust. Participants have sole rights under the plan in an amount equal to the fair market value of the deferred for each participant. Contributions made by COMB for the employees to the plan for the years ended June 30, 2008 and 2007 were \$107,132 and \$108,643, respectively.

Note 13 - Related Party Transactions

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

COMB has an Employee Services Agreement with CCRB and ID#1. The costs of materials and supplies, and salaries and related benefits for services performed by COMB under the Employee Services Agreement are recorded by CCRB as operating expenses. CCRB assesses its Member Units to fund 89.69% of this obligation and receives the 10.31% balance from ID#1, in accordance with provisions of the Employee Services Agreement. These items are not shown as operating expenses in these financial statements. As of June 30, 2008 and 2007, CCRB owed COMB \$45,595 and \$60,950, respectively for these services.

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

Note 14 - Commitments and ContingenciesLegal Proceedings

During the year, COMB was involved in one case of litigation which was resolved in COMB's favor with no material affect on the financial statements of COMB.

1993 Cachuma Project Authority Bonds

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

CACHUMA OPERATION AND MAINTENANCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

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Note 14 - Commitments and Contingencies (Continued)

1993 Cachuma Project Authority Bonds (Continued)

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

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SUPPLEMENTAL INFORMATION

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CACHUMA OPERATION AND MAINTENANCE BOARD
SUPPLEMENTAL SCHEDULE OF OPERATION AND MAINTENANCE,
GENERAL AND ADMINISTRATIVE AND OTHER MAINTENANCE EXPENSE
For the Years Ended June 30, 2008 and 2007

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	2008	2007
Operation and Maintenance Expense		
Salaries and benefits	\$ 685,824	\$ 668,744
Contract labor	104,890	100,874
Equipment	13,049	7,032
Equipment rental	3,063	7,123
Materials and supplies	37,809	38,428
Vehicle maintenance	29,001	30,362
Other expenses	50,822	32,624
Total operation and maintenance expense	\$ 924,458	\$ 885,187
General and Administrative Expense		
General manager's salary	\$ 44,065	\$ 42,000
Administrative manager's salary	86,956	77,650
Administrative assistant's salary	53,257	51,440
Accrued wages and vacation	8,294	8,161
Directors fees and expense	10,442	11,541
Legal and audit	61,102	64,023
Liability insurance	19,921	37,403
Health insurance and workers compensation	57,644	52,243
Retirement plan contributions	31,048	28,463
Payroll tax expense	14,643	13,902
Office supplies and expense	5,309	6,186
Administrative travel and conferences	3,110	5,168
Membership dues	5,132	5,111
Employee training	733	2,180
Public information	9,371	131
Other expenses	29,486	58,921
Total general and administrative expense	\$ 440,513	\$ 464,523
Other Maintenance Expense		
Flow meter upgrades and SCADA system	18,773	23,041
COMB office / garage building	42,455	45,033
SCC improvement plan and design	482,116	155,862
SCC Valves and control station rehabilitation	718,200	355,670
SCC structure rehabilitation	430,821	321,422
GIS and mapping	11,187	
Storm damage	-	
Lauro debris basin	120,556	19,253
Integrated Regional Water Management Plan	59,135	7,614
Zaca Fire	132,570	-
Total other maintenance expense	\$ 2,015,813	\$ 927,895

See accompanying notes

ITEM # 4
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DRAFT

**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, 2008**

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
Operation and Maintenance Expense				
Salaries and benefits	\$ 826,565	\$ 826,565	\$ 685,824	\$ 140,741
Contract labor	102,000	102,000	104,890	(2,890)
Equipment	63,000	63,000	13,049	49,951
Equipment rental	25,000	25,000	3,063	21,937
Materials and supplies	54,000	54,000	37,809	16,191
Vehicle maintenance	38,000	38,000	29,001	8,999
Other expenses	50,000	50,000	50,822	(822)
Total operation and maintenance expense	<u>\$ 1,158,565</u>	<u>\$ 1,158,565</u>	<u>\$ 924,458</u>	<u>\$ 234,107</u>
General and Administrative Expense				
General manager's salary	\$ 43,365	43,365	\$ 44,065	\$ (700)
Administrative manager's salary	85,417	85,417	86,956	(1,539)
Administrative assistant's salary	53,190	53,190	53,257	(67)
Accrued wages and vacation	-	-	8,294	(8,294)
Directors fees and expense	12,000	12,000	10,442	1,558
Legal and audit	67,000	67,000	61,102	5,898
Liability insurance	44,000	44,000	19,921	24,079
Health insurance and workers compensation	54,970	54,970	57,644	(2,674)
Retirement plan contributions	30,675	30,675	31,048	(373)
Payroll tax expense	21,819	21,819	14,643	7,176
Office supplies and expense	15,200	15,200	5,309	9,891
Administrative travel and conferences	6,000	6,000	3,110	2,890
Membership dues	6,850	6,850	5,132	1,718
Employee training	4,500	4,500	733	3,767
Public information	8,000	8,000	9,371	(1,371)
Other expenses	33,500	33,500	29,486	4,014
Total general and administrative expense	<u>\$ 486,486</u>	<u>\$ 486,486</u>	<u>\$ 440,513</u>	<u>\$ 45,973</u>
Other Maintenance Expense				
Flow meter upgrades and SCADA system	30,000	30,000	18,773	11,227
COMB office / garage building	50,000	50,000	42,455	7,545
SCC improvement plan and design	250,000	507,400	482,116	25,284
SCC Valves and control station rehabilitation	450,000	692,000	718,200	(26,200)
SCC structure rehabilitation	450,000	450,000	430,821	19,179
GIS and mapping	40,000	40,000	11,187	28,813
Storm damage	100,000	100,000	-	100,000
Lauro debris basin	600,000	600,000	120,556	479,444
Integrated Regional Water Management Plan	60,000	60,000	59,135	865
Zaca Fire	200,000	225,000	132,570	92,430
Total other maintenance expense	<u>\$ 2,230,000</u>	<u>\$ 2,754,400</u>	<u>\$ 2,015,813</u>	<u>\$ 738,587</u>
Other Budgeted Expenses				
Litigation	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 89,801</u>	<u>\$ 10,199</u>

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

MONTH	DELVRD TO LAKE	CYWD		Transf		MWD		Transf		Delvd to SC		S.B.		Delvd to SC		GWD		Delvd to SC		LCMWC		Delvd to SC		RSYS		Delvd to SC		MLC		Delvd to SC									
		Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake							
2007																																							
Bal. Fwvd		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
February	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
March	412	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
April	419	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
May	797	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
June	982	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
July	882	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
August	716	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
September	764	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
October	588	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	263	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	486	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	6316	200	0	200	0	3150	134.2	0	3016	0	2180	0	2180	0	693	0	693	0	33	0	33	0	60	0	60	0	33	0	33	0	60	0	60	0	60	0	60	0	60

Revised 12/9/08

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

MONTH	DELVRD TO LAKE	CYWD		Transf		MWD		Evap/Spill		Delvd to SC		S.B.		Delvd to SC		GWD		Delvd to SC		LCMWC		Delvd to SC		RSYS		Delvd to SC		MLC		Delvd to SC												
		Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake	Delvd to Lake			
2008																																										
Bal. Fwvd		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
January	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	716	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July	627	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	994	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September	988	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	87	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	216	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	3667	100	0	100	0	2042	0	48	2128	0	706	0	706	0	800	0	800	0	19	0	19	0	60	0	60	0	19	0	19	0	60	0	60	0	60	0	60	0	60			

CACHUMA RESERVOIR

DISPOSITION OF 2008 SURCHARGE WATER

(UNOFFICIAL)

DATE	DESCRIPTION	FISH RELEASE FROM SURCHARGE (acre feet)	SURCHARGE BALANCE (acre feet)	FISH RELEASE FROM PROJECT YIELD (acre feet)
3/9/2008	End of Spill		8,300	
3/31/08	March	759	7,541	
4/30/08	April	620	6,921	
5/31/08	May	746	6,175	
6/30/08	June	394	5,781	
7/31/08	July	1,235	4,546	
8/31/08	August	1,038	3,508	
9/30/08	September	308	3,200	584
10/31/08	October		3,200	737
11/30/08	November		3,200	597
12/31/08	December (projected)		3,200	312
1/31/09	January		3,200	300
2/28/09	February		3,200	300
3/31/09	March		3,200	300
*** TOTAL		5,100	3,200	3,130

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CACHUMA OPERATION AND MAINTENANCE BOARD
MEMORANDUM

Date: December 9, 2008
To: Members of the Board of Directors
From: Kate Rees, General Manager
RE: Lauro Retention Basin Progress Report

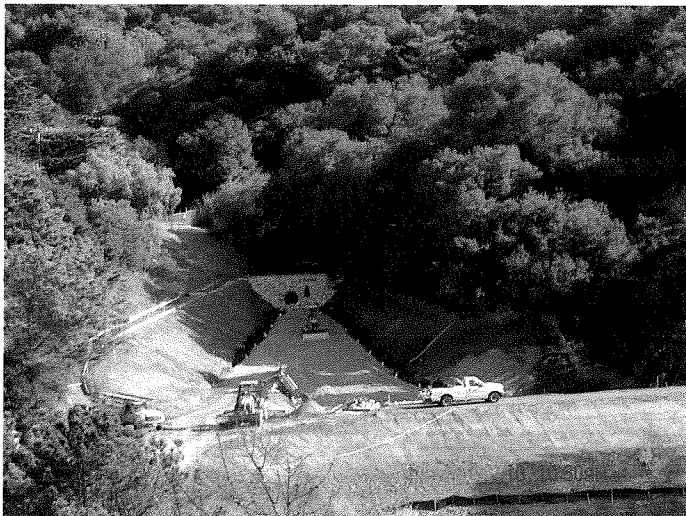
Recommendations: None

Discussion:

Work on the Lauro Retention Basin is progressing well on an accelerated schedule, with construction nearing 75% completion and 73% of the project budget expended. The accelerated schedule is contingent upon weather and rain delays. There have been 7 change orders to date as seen on the attached pay estimate. The change orders have been due to project improvements and unforeseen site issues.

Project Status:

- Debris Basin Dam construction complete
- Diversion Structure is 98% complete pending gate and hand-rail installation
- Subdrain installation is 95% complete pending interconnections to decant
- Access Improvements are on schedule with grading of access road in-process and awaiting concrete work



Picture 1 –Lauro Retention Basin Overview



Picture 2 – Debris Dam



Picture 3 – Subdrain installation



Picture 4 – Access Improvement progress

CACHUMA OPERATIONS AND MAINTENANCE BOARD
CONTRACT PAY ESTIMATE
Lauro Reservoir Debris Basin Improvement Project

PAGE 3 of 4
ESTIMATE NO. 2

CONTRACTOR: Cushman Contracting Corporation
ADDRESS: P.O. Box 147, Goleta, CA 93116
SPEC NO: N/A
PROJECT: Lauro Reservoir Debris Basin Improvement Project

ITEM NO	CONTRACT CHANGE ORDERS:	AUTHORIZED CCO AMOUNT	PRIOR ESTIMATE		THIS ESTIMATE		TOTAL EST. TO DATE		
			QTY	AMOUNT	QTY	AMOUNT	QTY	% COM	AMOUNT
1	Removal of additional existing pine tress	\$7,628.27	0%	\$7,628.27	0%	\$0.00	1	100%	\$7,628.27
2	Tie San Roque Storm Drain into reservoir site drain pipe	\$5,283.36	0%	\$0.00	100%	\$5,283.36	1	100%	\$5,283.36
3	Site Protection/Rain Damage Repairs	\$5,848.00	0%	\$0.00	100%	\$5,848.00	1	100%	\$5,848.00
4	Removal of additional unexpected debris	\$8,444.08	0%	\$0.00	100%	\$8,444.08	1	100%	\$8,444.08
5	Tule & Willow Automatic Irrigation System	\$940.31	0%	\$0.00	100%	\$940.31	1	100%	\$940.31
6	Debris Basin Access Road Stabilization	\$7,852.08	0%	\$0.00	100%	\$7,852.08	1	100%	\$7,852.08
7	Relocate equipment laydown yard so that soil could be removed from the borrow site	\$6,290.83	0%	\$0.00	100%	\$6,290.83	1	100%	\$6,290.83
SUB TOTAL:		\$42,286.93		\$7,628.27		\$34,658.66			\$42,286.93

CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

DATE: December 15, 2008
TO: Members of the Board of Directors
FROM: Kate Rees, General Manager
RE: **License for Ocean View Homeowners Association at Ortega Reservoir**

Recommendation:

Consider approval of a License to Use Reclamation Right-Of-Way at Ortega Reservoir to the Ocean View Homeowners' Association.

Discussion:

The Ocean View Homeowners' Association (HOA) has long desired to acquire permission for the property owners to access their properties along Ortega Ridge Road, which runs above Ortega Reservoir to the north. Except for emergency access, they must currently access their properties through Summerland. The Ortega Ridge Road property is owned by the U.S. Bureau of Reclamation (Reclamation), which has transferred the responsibility for maintenance of the Ortega Reservoir facilities to COMB. Prior to Ortega Reservoir being covered, the COMB Board was of the opinion that access should be denied to the HOA in order to protect the water quality in Ortega Reservoir. However, that objection has been removed now that the reservoir cover is in place.

Reclamation has indicated that they cannot grant a permanent right-of-way easement to the HOA because the properties are not landlocked; the owners have another route by which to access their properties. However, the Transfer Contract allows COMB, acting as Reclamation's agent, to grant a license to the HOA for access rights, providing Reclamation has no objection. Reclamation has determined that this request is not incompatible with the purpose for which the land was obtained, and therefore has no objection to COMB issuing a license to the HOA.

This item was discussed by the COMB Board in January 2008, and the Board approved an access license to the HOA in substantially the same form as presented. However, since that time, substantial discussion and several changes to the license were made. Therefore, it is requested that the Board approve the attached license. This will assist the Montecito Water District, one of COMB's Members Units, in carrying out the terms of the Settlement Agreement between the District and the HOA. Mr. Hair, General Counsel, is satisfied that the license adequately protects COMB's interests.

Respectfully submitted,



Kate Rees
General Manager

RESOLUTION NO. 478

**RESOLUTION OF THE CACHUMA OPERATION AND MAINTENANCE BOARD
APPROVING AND AUTHORIZING THE EXECUTION OF AN ACCESS LICENSE
FOR THE OCEANVIEW HOME OWNERS ASSOCIATION**

RECITALS

WHEREAS, the Board of Directors of the Cachuma Operation and Maintenance Board (COMB) has examined the proposed license agreement with the Oceanview Homeowners Association for the purpose of granting an access license, and

WHEREAS, there is no objection by the Board to enter into said proposed agreement.

WHEREAS, the United States Bureau of Reclamation has indicated its approval of the access license by its acknowledgement of the agreement, and

WHEREAS, legal counsel for COMB has advised the Board that the proposed license agreement is in proper legal form and that the Board has the authority to enter into and execute said proposed agreement, and

WHEREAS, the Board finds that the granting of the license is categorically exempt under CEQA as a Category 1 license of existing facilities as defined by CEQA Guidelines section 15301, and

NOW, THEREFORE, BE IT RESOLVED:

1. The Recitals set forth above are true and correct.
2. The COMB Board President is hereby authorized and directed to enter into and execute said agreement on behalf of COMB.
3. That as many duplicate counterparts of said agreement shall be executed as there are parties to the agreement.
4. That the proper officers of COMB, together with the General Manager, are hereby authorized and directed to do any and all such acts as may be necessary to carry out the terms of said agreement.
5. An original of the Resolution No. 478 shall be attached to and made a part of the agreement.
6. Pursuant to Section 864 of the Code of Civil Procedure of the State of California, this agreement is deemed authorized as of the date of the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Cachuma Operation and Maintenance Board, State of California, on the 15th day of December 2008, by the following roll call vote:

AYES:

NAYES:

ABSENT/ABSTAIN:

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APPROVED:

President of the Board

ATTEST:

Secretary of the Board

ITEM # 7
PAGE 3

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:**

PRICE, POSTEL & PARMA LLP
ATTN: Susan M. Basham, Esq.
200 East Carrillo Street, Suite 400
Santa Barbara, CA 93101

SPACE ABOVE THIS LINE FOR
RECORDER'S USE

APN 005-030-001
[List Authorized User properties]

LICENSE AGREEMENT FOR USE OF RIGHT-OF-WAY
Ortega Reservoir Road Access -- Cachuma Project

THIS LICENSE is given this _____ day of _____ 2008, by CACHUMA OPERATION AND MAINTENANCE BOARD ("COMB"), pursuant to its authority under Contract Number 14-06-200-522R dated March 1, 2003 with THE UNITED STATES OF AMERICA ("United States"), acting by and through its Bureau of Reclamation, Department of the Interior ("Reclamation"), in pursuance of the Act of June 7, 1902 (32 Stat. 388 and Acts amendatory thereto) (the "Transfer Contract"), to OCEAN VIEW ESTATES HOMEOWNERS ASSOCIATION, a California Nonprofit Mutual Benefit Corporation, with a mailing address at Post Office Box 1382, Summerland, CA 93067 ("Licensee").

RECITALS:

- A. The United States currently owns Assessor's Parcel No. 005-030-001, as identified in the Assessor's Records of the County of Santa Barbara, California, which includes certain lands acquired by Reclamation to establish a right-of-way to and access around Ortega Reservoir and other facilities associated with the Cachuma Project (the "Ortega Reservoir Road Access").
- B. By the Transfer Contract, Reclamation transferred to COMB responsibility for the operation and maintenance of certain transferred project works associated with the Cachuma Project, including but not limited to the South Coast Conduit System, appurtenant control stations, Ortega Reservoir, and the Ortega Reservoir Road Access.
- C. Under Section 6(c) of the Transfer Contract, Reclamation authorized COMB to enter into license agreements and similar land use instruments that do not grant an interest in real property, subject to the written approval of Reclamation's Contracting Officer.

D. Because Licensee and its predecessors, through various land use and property transactions, including the construction of the Ortega Reservoir, purportedly lost certain rights of access over lands adjacent to Ortega Reservoir, Licensee, through its Board of Directors, now has requested that COMB authorize access over a portion of the Ortega Reservoir Road Access, as described more fully herein, to benefit members of Licensee who own properties near the Ortega Reservoir.

E. Reclamation has determined that Licensee's requested use is not, at this time, incompatible with the purpose for which the subject land was obtained, and COMB has agreed that the requested use is not incompatible with its rights and obligations pursuant to the Transfer Contract, subject to certain conditions and restrictions.

F. Reclamation and COMB acknowledge that Licensee would prefer to have a permanent easement over the access area that is the subject of this License and that Licensee intends to seek a permanent easement in the event that Montecito Water District and/or Carpinteria Valley Water District accepts ownership of the subject area in the future.

G. Licensee acknowledges that no representation has been made by the United States, Reclamation or COMB as to the condition of title to the access area that is the subject of this License. Licensee has satisfied itself, through an examination of property title records and an investigation of ownership, that the United States is the owner of the access area that is the subject of this License.

IT IS AGREED:

1. License and License Area. COMB does hereby grant to Licensee a non-exclusive license to use that portion of the Ortega Reservoir Road Access described more fully in Exhibit A hereto and depicted on Exhibit B hereto (the "License Area"). This License shall be considered personal, revocable, and nontransferable. It will neither constitute nor be construed as a diminution or relinquishment of the responsibilities of COMB to Reclamation pursuant to the Transfer Contract, or a surrender of the jurisdiction and supervision by Reclamation over the License Area.

2. Reservation of Rights. This License is granted subject to any and all existing rights in favor of the public or third parties for highways, roads, railroads, telegraph, telephone and electrical transmission lines, canals, laterals, ditches, flumes, siphons, and pipelines on, over, and across the License Area.

3. Permitted Use. Licensee may use the License Area for vehicular, equestrian and pedestrian ingress and egress (the "Permitted Use").

4. Authorized Users. Licensee is hereby authorized to offer all rights and benefits of this License to its member property owners, whose properties are identified in Exhibit C hereto, and to certain non-member property owners (i.e., those owners of properties in the immediate vicinity of the License Area who would benefit from the Permitted Use established in this License Agreement and who have agreed to the terms of participation as set forth in this License Agreement) whose properties are also identified in Exhibit C, as well as to the occupants and invitees of both member and non-member property owners (together the "Authorized Users"). Licensee shall not authorize use by any additional property owner or such owner's occupants or invitees unless Licensee first obtains written approval of COMB. All acts and omissions of Authorized Users within or in any manner affecting the License Area shall be deemed, for purposes of this License, the acts and omissions of Licensee. Licensee shall remain solely responsible for

compliance with all terms and conditions of this License, and no authorization of use by any other person may be construed as a transfer of any of Licensee's responsibilities hereunder. Any attempted assignment or transfer of responsibility under this License, except to a bona fide purchaser of property benefited by this License, shall be considered void and of no effect and shall constitute grounds for revocation of this License.

5. Period of Use. This License will become effective on the date hereinabove written and will continue to September 30, 2020 unless (a) this License is sooner revoked or terminated, or (b) the Transfer Contract is sooner terminated (the "Period of Use"). If the Transfer Contract is extended or renewed beyond September 30, 2020, Licensee shall have the right to renew this License and extend the Period of Use for up to two (2) successive ten (10) year terms, but in no event shall this License be renewed beyond the term of the extended or renewed Transfer Contract, and this License shall remain at all times coterminous with the Transfer Contract.

6. Value of License. COMB, with agreement of Reclamation, has waived the value of the right-of-use fee in accordance with 43 CFR § 429.4.

7. Prohibited Activity. At no time under this License may Licensee engage in any of the following activity:

- (a) Store any hazardous material on the License Area.
- (b) Use water from the Ortega Reservoir for Licensee's activities.
- (c) Leave waste and debris on the License Area.

8. Environmental Requirements. Licensee will comply with all applicable water, ground, and air pollution laws and regulations of the United States, the State of California and local authorities. Licensee also will comply with the following hazardous materials restrictions:

- (a) Licensee shall not allow contamination or pollution of Federal lands, waters or facilities for which Licensee has responsibility for care, operation, and maintenance by its employees or agents and shall take reasonable precautions to prevent such contamination or pollution by third parties. Substances causing contamination or pollution shall include but are not limited to hazardous materials, thermal pollution, refuse, garbage, sewage effluent, industrial waste, petroleum products, mine tailings, mineral salts, misused pesticides, pesticide containers, and any other pollutants.
- (b) Licensee shall comply with all applicable Federal, State, and local laws and regulations, and Reclamation policies, directives and standards, existing or hereafter enacted or promulgated, concerning any hazardous material that will be used, produced, transported, stored, or disposed of on or in Federal lands, waters or facilities.
- (c) "Hazardous material" means any substance, pollutant, or contaminant listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq., and the regulations promulgated pursuant to that Act.
- (d) Upon discovery of any event which may or does result in contamination or pollution of Federal lands, waters or facilities, Licensee shall report such discovery to COMB and may, but is not

required to, initiate emergency measures to protect public health and safety or the environment. If Licensee undertakes any emergency actions, Licensee shall report full details of the actions taken to COMB. Reporting shall be within a reasonable time period, defined as within twenty-four (24) hours of the time of discovery if the event constitutes an emergency, or by the first working day following discovery if the event is a non-emergency. An emergency is any situation that requires immediate action to reduce or avoid endangering public health and safety or the environment.

- (e) Licensee's violation of any of the provisions of this Paragraph 8, as determined by COMB, may constitute grounds for revocation of this License. Such violations require immediate corrective action by Licensee. Licensee shall be liable for the cost of full and complete remediation and/or restoration of any Federal resources or facilities that are adversely affected as a result of the violation.
- (f) Licensee agrees to include the provisions contained in paragraphs (a) through (e) of this Paragraph in any subcontract or third-party contract it may enter into pursuant to this License.
- (g) COMB agrees to provide information necessary for Licensee, using reasonable diligence, to comply with the provisions of this Paragraph 8.

9. Cultural Resources Protection. Licensee shall immediately provide an oral or email notification to COMB and to Reclamation's authorized official of the discovery of any and all antiquities or other objects of cultural, historic, or scientific interest on Reclamation lands. Licensee shall forward a written report describing the objects found to COMB and to Reclamation's authorized official within 48 hours. Objects under consideration include, but are not limited to, historic or prehistoric ruins, human remains, or artifacts discovered as the result of activities under this easement. Licensee shall cease activity, stabilize any disturbed area, and take reasonable steps to protect such discoveries until authorized to proceed by Reclamation's authorized official. Protective and mitigative measures specified by Reclamation's authorized official shall be the responsibility of the Licensee. For purposes of this Paragraph 9, Reclamation's authorized official shall be Patrick Welch, whose phone number is (916) 978-5040 and whose email address is pwelch@mp.usbr.gov. For purposes of this Paragraph 9, COMB's authorized official shall be Brett Gray whose phone number is 805-687-4011 and whose email address is bgray@cachuma-board.org.

10. Discovery of Human Remains. Licensee shall immediately provide an oral or email notification to COMB and to Reclamation's authorized official of the discovery of human remains on Reclamation land. Licensee shall forward a written report describing the remains found to COMB and Reclamation's authorized official within 48 hours by certified mail. Licensee shall cease activity, stabilize any disturbed area, and take reasonable steps to protect such discoveries until authorized to proceed by the Regional Archaeologist for Reclamation (916-978-5041) or directed otherwise to act by the County Sheriff-Coroner. Licensee shall be responsible for compliance with any protective and mitigative measures specified by the Regional Archaeologist. For purposes of this Paragraph 10, Reclamation's authorized official shall be Patrick Welch, whose phone number is (916) 978-5040 and whose email address is pwelch@mp.usbr.gov. For purposes of this Paragraph 10, COMB's authorized official shall be Brett Gray, whose phone number is 805-687-4011 and whose email address is bgray@cachuma-board.org.

11. Illegal Activity. Licensee shall be responsible for any activity by Licensee or Authorized Users that is deemed to be illegal on Federal lands. Such activity shall constitute grounds for revocation of this License.

12. Revocation of License. COMB may revoke this License upon thirty (30) days written notice to Licensee if:

- (a) Licensee's use of the land materially interferes with existing or proposed facilities, or
- (b) Exclusive use of the License Area is needed for a legitimate United States purpose, or
- (c) The United States disposes of its interest in the License Area, or
- (d) Licensee violates a term or condition of this License identified as grounds for revocation.

13. Termination of License. This License will terminate, and all rights of Licensee hereunder will cease:

- (a) At the expiration of the Period of Use as provided by Paragraph 5, as may be extended; or
- (b) Without cause, on the date provided by written notice from COMB to Licensee, served 180 days in advance thereof; or
- (c) After failure of Licensee to observe any condition of this License, on the thirtieth day following service of written notice on Licensee of termination because of failure to observe such condition.

Notices required under this Paragraph 13 shall be served by certified mail addressed to the respective postal addresses provided by the parties pursuant to Paragraph 22 and the mailing of any such notice properly enclosed, addressed, stamped, and certified, will be considered service. If this License is terminated under Paragraph 12(d), COMB reserves the right to bar Licensee from subsequent use of any lands subject to the Transfer Contract during the remaining term of the Transfer Contract and any renewals or extensions thereof.

14. Licensee's Obligations at Termination or Revocation. At the end of the Period of Use, or upon the sooner revocation or termination of this License for any reason, Licensee shall, without delay, and at Licensee's sole expense, remove any structure(s) or appurtenances installed in the License Area and cease all use of the License Area, restoring it to a condition as good as on the effective date of this License, reasonable wear and damage by the elements excepted; provided, however, that if the termination or expiration of this License occurs at a time when Licensee is able to secure an easement or other authorization for continued use over the License Area, Licensee's gate, to be installed pursuant to Paragraph 16 of this License, may remain in place subject to the requirements of the property owner.

15. Severability. Each provision of this License shall be interpreted in such a manner as to be valid under applicable law, but if any provision of this License shall be deemed or determined by competent authority to be invalid or prohibited, such provision shall be ineffective and void only to the extent of such invalidity or prohibition, but shall not be deemed ineffective or invalid as to the remainder of such provision or any other remaining provisions, or of the License as a whole.

16. Installations and Repair and Maintenance of License Area. Licensee shall install one solar-powered, electrically-operated gate to control access to and across the License Area and enhance security at

Ortega Reservoir. This gate shall be located on Ortega Ridge Road within the License Area, in approximately the location noted as "Versa-Gate" on Exhibit B hereto. Said gate shall be designed and installed in a manner approved by COMB and by the Santa Barbara County Fire Department. Subject to such approvals, the gate shall be operated by a keypad, remote control and/or key cards, with keypad, remote control and/or key card access on both sides of the gate. Licensee shall make access information available only to Authorized Users, Reclamation, COMB, the Montecito Water District, and the Santa Barbara County Fire Department. The installation of other structures or appurtenances in the License Area shall be subject to the requirements of this paragraph. The parties intend that Licensee's Versa-Gate shall provide the exclusive physical control of access to the License Area during the Period of Use. Licensee agrees to keep the Versa Gate in a closed, secure position at all times when not in use. COMB shall maintain existing gates controlling access to the License Area unlocked and in an open position during the Period of Use, except as may be needed to address emergency or other exigent circumstances.

Licensee shall be responsible for undertaking, at Licensee's sole expense, all maintenance and repair of the License Area during the Period of Use under this License. Such maintenance and repair shall include, but not be limited to, routine maintenance of the roadway, periodic paving or surface treatment of the roadway, removal of brush for fire clearance and public safety, and other care of the License Area as Licensee may determine.

Installations, repair and maintenance shall be conducted in accordance with all applicable Federal, State of California, and local safety and environmental regulations and to the satisfaction of COMB and Reclamation's designated representative. Licensee shall notify COMB at 805-687-4011 at least three (3) working days prior to initiating any installation, repair or maintenance activity in the License Area. A project construction schedule will be submitted to COMB prior to the commencement of any construction or repair activity that will compromise use of the License Area for vehicular access.

17. Liability Insurance Coverage. Licensee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Licensee, and protecting the United States, COMB and Montecito Water District as additional insureds, against claims for bodily injury, personal injury and property damage based upon or arising out of the use of the License Area. Policy limits shall be not less than \$1,000,000 for each person/occurrence and \$1,000,000 aggregate for bodily injury or death, and not less than \$1,000,000 for property damage. Such insurance shall insure against the acts and omissions of all Authorized Users impacting the License Area. The endorsement naming the United States, COMB and Montecito Water District as additional insureds will be the ISO CG 2010 endorsement form or equivalent, will reference the contract number of this License in the description portion of the endorsement form, and will provide that the policy will not be canceled or reduced in coverage without ten (10) days prior written notice to Reclamation. Licensee shall require any contractors engaged in construction work in the License Area to carry liability insurance in comparable amounts and worker compensation coverage, and shall provide proof of same to Reclamation upon request.

18. Responsibility for Damage. Damage to the License Area, including but not limited to its roads, fences, gates and posts, resulting from the Licensee's activities under this License will be corrected promptly at Licensee's expense to the satisfaction of COMB.

19. Indemnity. Licensee shall indemnify, defend, and hold harmless the United States, COMB and the Montecito Water District, and their directors, managers, officers, employees agents and representatives from any loss, damage, claim, cost, lien, action, suit, liability, or judgment (including, without limitation,

attorney's fees and costs) arising from, resulting from, or in any way related to the operations or other activities of Licensee on any portion of the License Area. This indemnity shall survive the revocation or termination of the License.

20. Officials Not to Benefit. No Member of Congress shall be admitted to any share or part of any contract or agreement made, entered into, or accepted by or on behalf of the United States, or to any benefit to arise thereupon, including without limitation this License.

21. Warranty of Licensee. Licensee warrants that no person or agency has been employed or retained to solicit or secure this License upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee except bona fide employees and bona fide commercial agencies maintained by the Licensee for the purpose of securing business. For breach or violation of this warranty, COMB shall have the right to revoke this License without liability or, in its discretion, to require Licensee to pay the full amount of such commission, percentage, brokerage, or contingency fee to the United States.

22. Notices. Except as otherwise expressly provided by law or this License, any and all notices, invoices, or other communication required or permitted by this License or by law to be served on or delivered to or given to a party by another party to this License shall be in writing, and shall be deemed duly served, given or delivered when personally delivered to the party to whom it is directed or, in lieu of such personal service, two (2) days after such written notice is deposited in the United States mail, First Class, postage prepaid, addressed to the party at the address identified in this Paragraph 22 for that party in this License. Any party may change its address for purposes of this paragraph by giving written notice of such change to each other party in the manner provide in this paragraph.

IN WITNESS WHEREOF, this License is granted and accepted as of the date first above written.

CACHUMA OPERATION AND MAINTENANCE BOARD

Approved as to form:

By: Kathleen A. Rees
Title: General Manager

By: William B. Hair
COMB General Counsel

[signatures continued on following pages]

ACCEPTED:

Licensee, by signature of its authorized representative below, agrees to the terms and conditions above.

OCEAN VIEW ESTATES HOMEOWNERS ASSOCIATION

By: _____
Title: _____

ACKNOWLEDGED:

UNITED STATES OF AMERICA
By and through its Bureau of Reclamation, Department of the Interior

By: _____
Area Manager
South-Central California Area Office
Bureau of Reclamation

State of California)
) ss.
County of Santa Barbara)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or entity upon behalf of which the person acted executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

State of California)
) ss.
County of Santa Barbara)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or entity upon behalf of which the person acted executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

EXHIBIT A

EASEMENT PARCEL

That portion of Ortega Rancho, in the County of Santa Barbara, State of California, shown on the map filed in the office of the County Recorder of said County on July 22, 1890 in Book 1, Page 20 of Maps and Surveys, described as follows:

Commencing at the 3/4" iron pipe with tag marked "RE 1564" located at the east terminus of the course in the north line of Lot 11 shown as having a bearing and distance of North 76°57'46" 122.01 feet on sheet 3 of the Record of Survey Map filed in the office of said County Recorder on 27 July 1992 in Book 143, Page 74 of Records of Survey, from which the 1/2" iron pipe with tag marked "LS 3228" located at the southwest terminus of the course in the west line of Lot 11 shown as having a bearing and distance of North 23°53'44" East 9.76 feet on sheet 3 of said Record of Survey Map bears South 73°28'17" West 128.11 feet; thence, South 54°42'32" West 53.95 feet to the True Point of Beginning; thence,

- 1st - South 87°33'31" West 153.93 to a curve concaved southerly and having a radius of 140.00 feet; thence, along said curve,
- 2nd - Westerly 70.51 feet through a central angle of 28°51'23"; thence,
- 3rd - South 58°42'08" West 65.24 feet to a curve concaved northerly and having a radius of 230.00 feet; thence, along said curve,
- 4th - Westerly 117.27 feet through a central angle of 29°12'45"; thence,
- 5th - South 87°54'53" West 432.90 feet to a curve concaved southeasterly and having a radius of 100.00 feet; thence, along said curve,
- 6th - Southwesterly 121.37 feet through a central angle of 69°32'18"; thence,
- 7th - South 18°22'35" West 48.52 feet; thence,
- 8th - South 1°09'25" West 50.81 feet to the course recited as "North 05°32' West 101.8 feet ..." in the west line of Tract One described in the deed from John Mosso to the United States of America recorded on January 15, 1954 in Book 1208, Page 259 of Official Records; thence, along said west line,
- 9th - North 6°18'50" West 75.96 feet to the south terminus of the course recited as "North 22°59' East 88.2 feet" in the west line of Tract Three described in said deed; thence, along said west line,
- 10th - North 22°12'44" East 68.02 feet to a non-tangent curve concentric with and distant northwesterly 19.00 feet from the 6th course described

herein, said concentric curve concaved southeasterly, having a radius of 119.00 feet, and having an initial radial bearing of North 52°04'07" West; thence, along said curve,

- 11th - Northeasterly 103.81 feet through a central angle of 49°59'00" to a line parallel with and distant northerly 19.00 feet from the 5th course described herein; thence, along said parallel line and parallel or concentric with and distant northwesterly and northerly 19.00 feet from the 4th, 3rd, 2nd, and 1st course described herein by the following five courses:
- 12th - North 87°54'53" East 432.90 feet to a curve concaved northerly and having a radius of 211.00 feet; thence, along said curve,
- 13th - Easterly 107.58 feet through a central angle of 29°12'45"; thence,
- 14th - North 58°42'08" East 65.24 feet to a curve concaved southerly and having a radius of 159.00 feet; thence, along said curve,
- 15th - Easterly 80.08 feet though a central angle of 28°51'23"; thence,
- 16th - North 87°33'31" East 40.19 feet; thence, leaving said parallel line,
- 17th - North 56°04'06" East 12.58 feet; thence,
- 18th - South 49°20'38" East 9.62 feet to a line parallel with and distant northerly 19.00 feet from the 1st course described herein; thence, along said parallel line,
- 19th - North 87°33'31" East 95.98 feet; thence,
- 20th - South 2°26'29" East 19.00 feet to the True Point of Beginning.

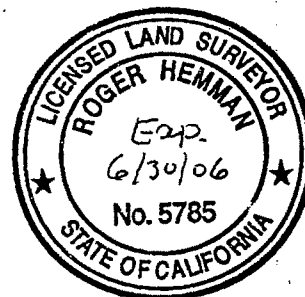
EXCEPT that portion lying within Lot 11 of Tract No. 13675 as shown on the map recorded in the office of said County Recorder on 24 May 1988 in Book 153, Pages 44 of Maps.

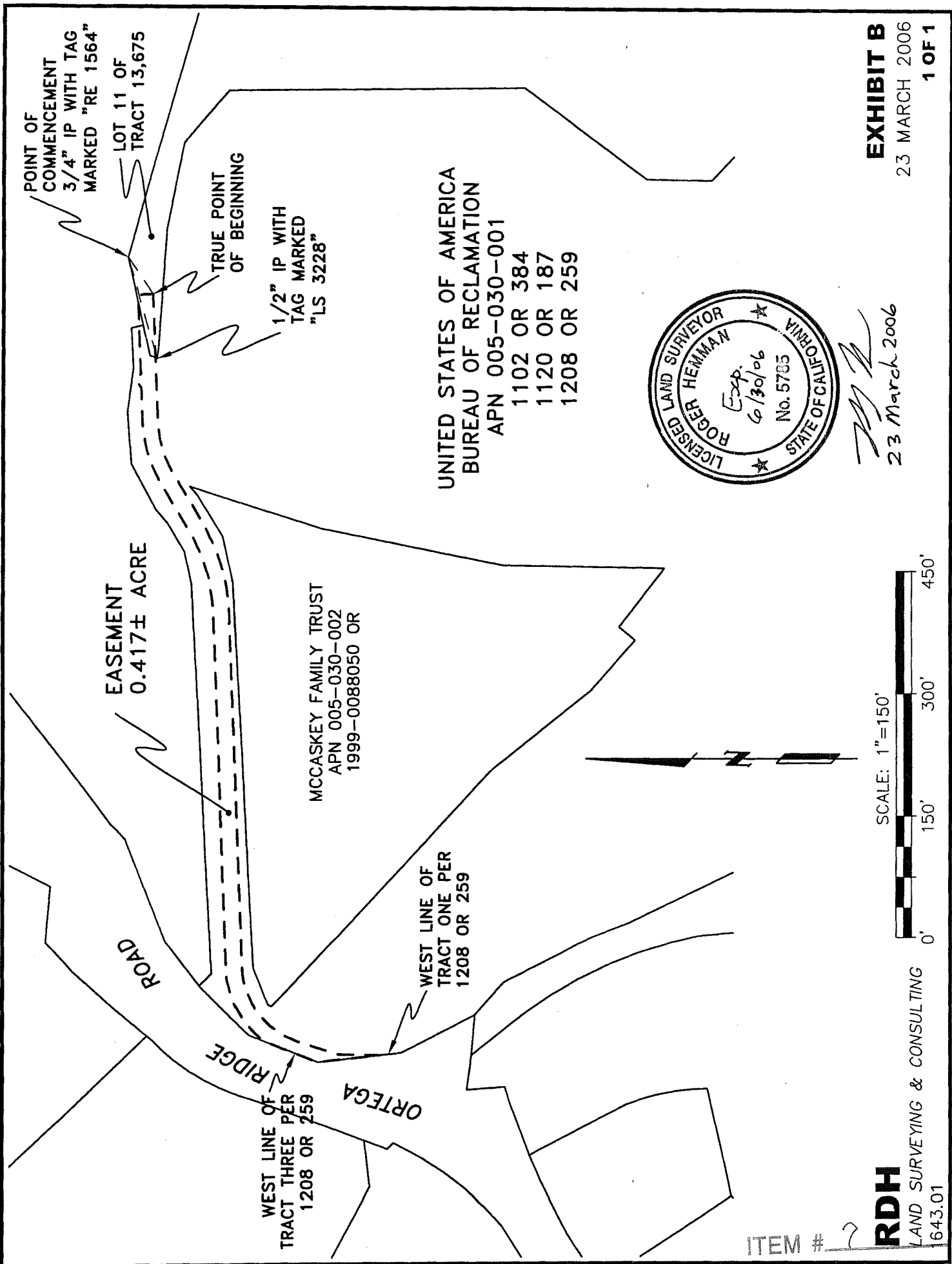
Containing 0.417 acre, more or less.



23 March 2006

Roger Hemman, PLS 5785 Date
Expires 30 June 2006





POINT OF COMMENCEMENT
 3/4" IP WITH TAG MARKED "RE 1564"
 LOT 11 OF TRACT 13.675

TRUE POINT OF BEGINNING

1/2" IP WITH TAG MARKED "LS 3228"

UNITED STATES OF AMERICA
 BUREAU OF RECLAMATION
 APN 005-030-001
 1102 OR 384
 1120 OR 187
 1208 OR 259

EASEMENT
 0.417± ACRE

MCCASKEY FAMILY TRUST
 APN 005-030-002
 1999-0088050 OR

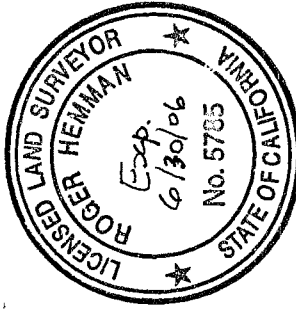
ROAD

RIDGE

WEST LINE OF TRACT THREE PER 1208 OR 259

ORTEGA

WEST LINE OF TRACT ONE PER 1208 OR 259



[Signature]
 23 March 2006

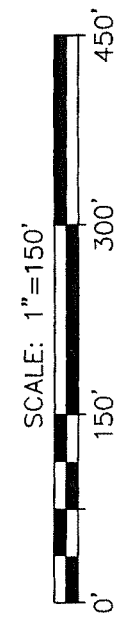


EXHIBIT B
 23 MARCH 2006
 1 OF 1

ITEM # ?
 PAGE 15

RDH
 LAND SURVEYING & CONSULTING
 643.01

CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

DATE: December 15, 2008
TO: Board of Directors
FROM: Kate Rees, Manager
RE: **Selection of Representative to Attend ACWA 2009 Washington D.C. Conference**

RECOMMENDATION:


That Director Jan Abel attend the ACWA 2009 conference in Washington D.C.

DISCUSSION:

For many years Director Abel has attended the ACWA conference in Washington D.C. with Chip Wullbrandt to meet with elected representatives, legislators, and high level appointees with the Department of the Interior, Department of Commerce, and others on behalf of COMB and CCRB. Due to their efforts, substantial funding has come to the western United States, matched by the state of California, and made available for grant funding for steelhead and salmon restoration projects.

This year the conference is being held February 24-26, 2009. It is recommended that Director Abel attend the conference again this year, depending on her availability, with the COMB Board President, Das Williams, as an alternate attendee. Mr. Wullbrandt will also attend. Travel and other expenses for the conference run about \$3,000 per person and are included in budgeted funds for COMB and CCRB.

Respectfully submitted,



Kate Rees
General Manager



Association of California Water Agencies

Leadership Advocacy Information Since 1910

RECEIVED

NOV 12 2008

CACHUMA O&M BOARD

November 4, 2008

Ms. Kate Rees
Cachuma O & M Board
3301 Laruel Canyon Rd
Santa Barbara CA 93105

RE: ACWA 2009 DC Conference—Hotel Deadline January 30, 2009

Dear Ms. Kate Rees,

Plans are underway for the 2009 ACWA DC Conference, February 24-26, 2009. I am writing to encourage you and other representatives of your agency to attend this event. It is being held during an exciting time in Washington; the next Administration will have just been sworn in and the 111th Congress will be gearing up for action.

The conference provides a unique opportunity to learn about the plans and priorities of the new Administration and Congress. The conference includes an Executive Branch speakers program as well as Legislative session where invited members of Congress will address ACWA members and answer questions. Additional speakers will provide an analysis of the 2008 election outcome and what it may mean for water agencies.

Once again the conference hotel is the Washington Court. **ACWA DC Conference participants are responsible for making their own hotel reservations within the block of rooms reserved by ACWA at the Washington Court Hotel** (see attached form for registration information). **The Washington Court Hotel will accept reservations in the ACWA room block until January 30 after which, the rooms will be released for general sale. After January 30 the hotel will accept reservations based on room and rate availability. Additionally, should our block fill prior to the cut-off date, reservations will be accepted based on room and rate availability.**

We look forward to seeing you at the DC Conference. Should you have any questions, please feel free to call ACWA's Washington office at 202.434.4760.

Sincerely,

Timothy H. Quinn
Executive Director

ITEM # 8
PAGE 2

FYI



United States Department of the Interior



BUREAU OF RECLAMATION
South-Central California Area Office
1243 N Street
Fresno, California 93721-1813

IN REPLY REFER TO:

SCC-450/452
LND-6.00/WTR 4.00
Santa Barbara County Parks

DEC - 4 2008

RECEIVED

DEC 06 2008

VIA FEDERAL EXPRESS

CACHUMA O&M BOARD

Mr. Daniel Hernandez
Director of Parks
County of Santa Barbara
610 Mission Canyon Road
Santa Barbara, CA 93105

Subject: Continued Extension of the Period of Performance Under Contract No. 14-06-200-600
Cachuma Project

Dear Mr. Hernandez:

Santa Barbara County (County) has expressed an interest in obtaining a second interim extension of the existing Land Management Agreement (LMA). In order to accommodate the completion of the Resource Management Plan and the subsequent negotiation of a new LMA for the Federal lands around Lake Cachuma, the Bureau of Reclamation has determined that it is in the best interest of the United States to continue to extend the interim Period of Performance of the existing agreement (Contract No. 14-06-200-600) for an additional two more years.

Therefore, pursuant to Section 3 of the subject contract, Reclamation is extending the termination date of the subject interim extension from January 12, 2009 to January 12, 2011. However, if as anticipated a new long-term management agreement is completed prior to that date, Contract No. 14-06-200-600 will terminate on the date of execution of the new agreement.

The County may extend existing Concessions Agreements on a year-to-year basis not to exceed two years ending January 12, 2011. It is expected that the new long-term LMA will allow an additional extension of up to six months from its date of execution, if necessary, in order to allow for a competitive selection of Concessionaires and an orderly transition to new Concessions Agreements.

All other terms and conditions of Contract No. 14-06-200-600 shall remain in full force and effect during this interim period.

Reclamation recognizes the importance of the recreational resources at Lake Cachuma to the recreating public and the economy of the County. While Reclamation recognizes that our views differ on the cost allocation for recreational facility improvements, Reclamation will continue to work with the County to support their efforts to secure funding to improve and update all facilities at Lake Cachuma, including the drinking water and wastewater treatment plants.

Reclamation congratulates the County on the completion of over 50 years of successful operation at Lake Cachuma providing nationally recognized recreational opportunities for the people of the State of California and the entire Nation. Reclamation looks forward to working with the County to ensure the availability of these recreational opportunities well into the future.

If you have any questions regarding this matter, please feel free to contact Bob Epperson, Land Use/Resource Plan Specialist of my staff, at 559-269-4518 or for the hearing impaired at 559-487-5933.

Sincerely,



For Michael P. Jackson, P.E.
Area Manager

cc: Ms. Kate Rees
Cachuma Operations and Maintenance Board
3301 Laurel Canyon Road
Santa Barbara, CA 93105-2017

This offer of a second two-year extension of the existing Land Management Agreement (Contract No.14-06-200-600) is hereby accepted by the County of Santa Barbara.

County of Santa Barbara

Date _____

By _____
Chair, Board of Supervisors
Of The County of Santa Barbara
State of California

ATTERT:
Michael F. Brown
Clerk of the Board

By _____
Deputy