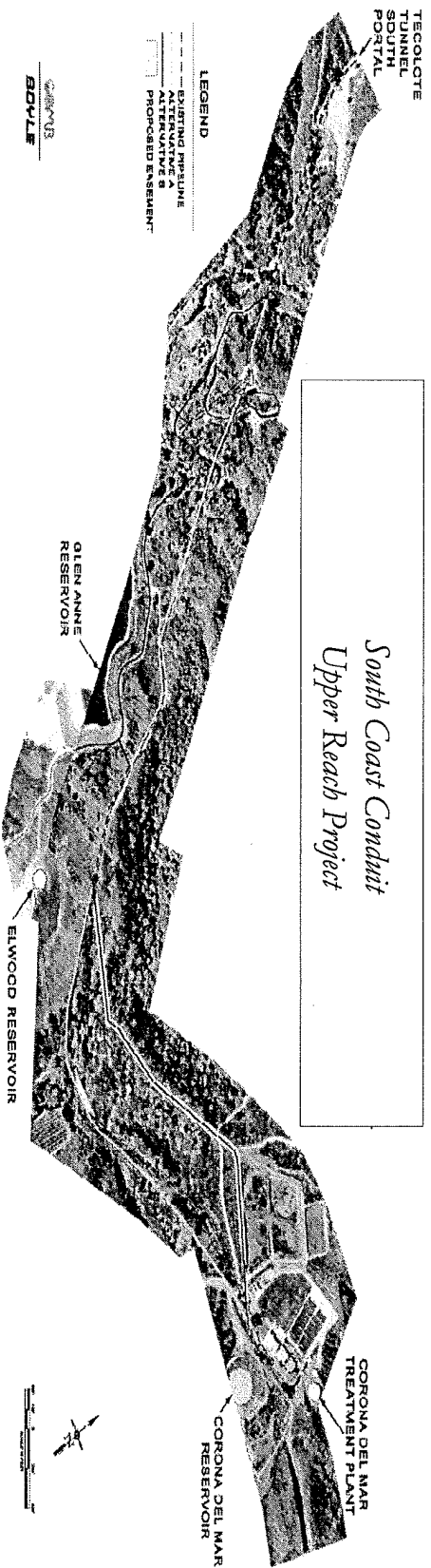


Cachuma Operation & Maintenance Board South Coast Conduit Reliability Projects & Funding



2nd Pipeline & Other Capital Improvement

May 2009

The Presentation

- The Plan
- Why a bond?
- How to pay for the bond?
- The Projects
- Why is the bond and these projects important?

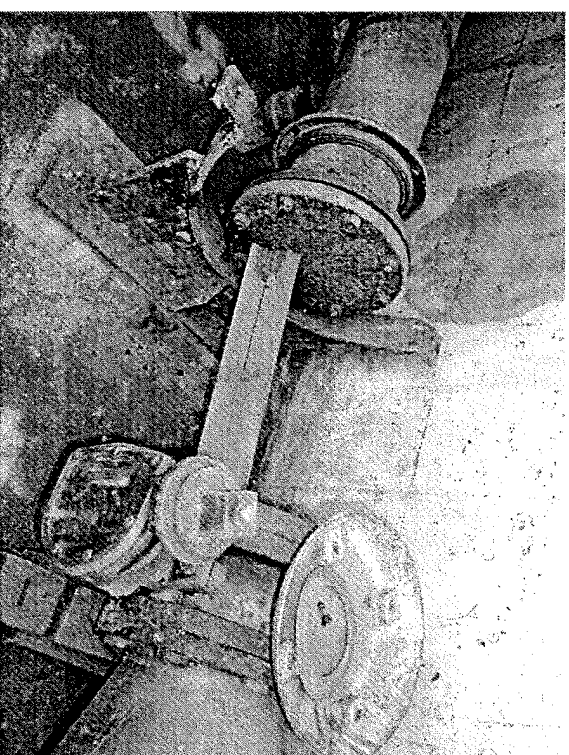


The Plan

- Get a \$16,000,000 Bond to fund Large South Coast Conduit Capital Improvement Projects with little or no financial impact to Member Units.
- \$1,100,000 principal and interest payment for Bond will not raise costs to Member Units. It will come out of the current Capital Improvement Budget.
- \$3,200,000 Proposition 50 Funds for 2nd Pipeline Project requires funding of the project.

Why a Bond?

- How else can we fund the projects?
- Funding from Member Units has become tighter
- COMB has no reserves
- A Bond is the typical and most economical approach



How to pay for the Bond?

- We are planning to use our current Capital Improvement Budget funding which is \$1,500,000
- Bond annual cost of approximately \$1,100,000
 - Annual cost includes principal and interest
- No additional cost to Member Units
- Future Capital improvement Projects
 - Capital cost of Cachuma Project will be paid off in 2015
 - These funds could be available for future CIP projects

The Projects

Bond Funded Capital Improvement Projects

- 2nd Pipeline Project - \$9,065,000
- Creek Crossings Rehabilitation (QTY 3) - \$3,025,000
- SCC Right-of-Way Definition - \$1,000,000
- COMB Office Facilities - \$2,890,000
- SCC Lateral, Air Vent, & Blow-off Rehab – \$2,520,000

Total Bond and Grant Funded

Capital Improvement Projects = \$18,500,000

Other Capital Improvement Projects

- SCC Hydraulic Improvements - \$2,000,000
- Line Valves Lower Reach - \$2,600,000
- SCC & Tecolote Tunnel Studies (QTY – 3) - \$300,000
- North Portal & Intake Tower Studies (QTY – 3) - \$250,000

Total Other Projects = \$5,150,000

Why is the bond and these projects important?

- A bond is one of the few ways to fund projects of this cost magnitude.
- South Coast Conduit (SCC) Supplies approximately 80% of the water to South Coast Communities and these projects are essential to continued SCC reliability.
- Other options for funding these projects are dwindling.
- Other supplies of water of this magnitude do not exist.

The Plan Reviewed

- Get a \$16,000,000 Bond to fund Large South Coast Conduit Capital Improvement Projects
- \$1,100,000 principal and interest payment
- \$3,200,000 Proposition 50 Funds for 2nd Pipeline Project