

**Board of Directors – Regular Meeting and Closed Session
San Simeon Community Services District**

AGENDA

Wednesday June 13, 2007

Closed Session 5:30 PM

Regular Meeting 6:00 PM

Cavalier Banquet Room

Note: All comments concerning any item on the agenda are to be directed to the Board Chairperson.

- 1. 5:30 PM- CLOSED SESSION- CONFERENCE WITH LEGAL COUNSEL REGARDING PENDING LITIGATION -- Government Code Section 54956.9(a): RWQCB vs SSCSD.**

- 2. 6:00 PM- REGULAR SESSION**
 - A. Roll Call
 - B. Pledge of Allegiance

- 3. PUBLIC COMMENT:**

Any member of the public may address and ask questions of the Board relating to any matter within the Board's jurisdiction, provided the matter is not on the Board's agenda, or pending before the Board. Presentations are limited to three (3) minutes or otherwise at the discretion of the Chair.

 - A. Sheriff's Report
 - B. Public Comment

- 4. STAFF REPORTS**
 - A. General Manager Report
 - Current Project Report
 - (a) NPDES permit adopted
 - (b) Quarterly Newsletter
 - (c) Smoke Testing Cost
 - (d) Cal Trans Bridge Painting
 - (e) Weed Abatement
 - (f) Surf Rider Tour
 - B. Superintendent Report
 - (a) Water & Wastewater Operation Report
 - C. Other Reports
 - (a) District Financial Summary
 - D. District Counsel Report

5. ITEMS OF BUSINESS

- A. Approval of Minutes – May 9, 2007
- B. Approval of Warrants – June 1, 2007 – June 30, 2007

6. DISCUSSION/ACTION ITEMS

- A. LAIF (Local Agency Investment Fund) Account Resolution (Grace)
- B. Pipe Bridge Painting (Daniels)
- C. District Counsel Increase in Salary
- D. Scenic Byway Signage at San Simeon Entrance (Lambeth)
- E. Coastal Commission Letter (Schultz)
- F. Consumer Price Index Ordinance (Grace)
- G. Authorize General Manager to mail Proposition 218 Notice
- H. Review/Approve 2007/2008 Fiscal Budget as presented by the Budget Committee
- I. Development of SSMP (Sewer System Management Plan) to comply with State WDR Requirements
- J. Review / Approve draft 2005 / 2006 financial audit
- K. Board Committee Reports.
- L. Board Reports.

7. BOARD/STAFF GENERAL DISCUSSIONS AND PROPOSED AGENDA ITEMS

8. ADJOURNMENT

San Simeon Community
Services District
111 Pico, San Simeon 93452
Phone: 805-927-4778

June 2007

San Simeon Quarterly Newsletter

News from the General Manager

On behalf of the Board of Directors, staff is happy to bring to the San Simeon community the reintroduction of the quarterly newsletter.

We hope the information shared will be useful and answer some of the questions that our staff is asked regularly.

Water Conservation

The topic of water conservation is important at this time of year. San Simeon is currently in Stage One which means that the use of district water for the washing of any outside structures (buildings, sidewalks, streets, etc) and vehicles (automobiles, boats, RVs) is prohibited, except for emergency sanitation or fire extinguishing purposes.

Meetings and More

- **The next Board Meeting is on June 13th at 6 pm. Topics of discussion include the Surf Rider Tour of the WWTP. The meeting is open to the public.**
- **Board Meetings are held the second Wednesday of each month at 6pm in the Cavalier Banquet Room.**
- **For more information on district meetings and to view copies of agendas, board packets, and minutes, visit the district website at www.sansimeoncsd.com**

Treatment Plant Upgrades

Facility manager Dan Daniels and Operator Jerry Copeland have finished the majority of repairs.

Maintenance on the plant is always continuous, but the standards at the plant have increased significantly to meet with OSHA and other state regulations.

Helpful information

The new meters have been installed for several months now and have made meter reading easier and more efficient for staff members. Many of you have had questions regarding your water bill since the change. Here is a helpful formula to determine how much water you are using:

100 cubic feet = 748 gallons

Or

1 cu. ft. = 7.48 gallons

The new meters are read in hundred cubic feet. Therefore, a usage of 3 on your water bill is actually 300 cubic feet. Multiply that by 7.48 and you used 2,244 gallons of water for that billing cycle.

Weed Abatement

Dry brush creates fire hazards. Weed abatement letters have been sent to all vacant lot owners. Owners have until the end of June to completely remove all specified growth to a height of 4 inches.

General Manager's Report June 13, 2007

- (a)** The new NPDES permit Order No. R3-2007-0024 was adopted by the Regional Water Quality Control Board during its May 11, 2007 public hearing and became effective on May 30, 2007. The NPDES permit is for a period of five years therefore expires on May 30, 2012. Hard copies are available at the SSCSD office upon request and may be viewed online at <http://www.swrcb.ca.gov/rwqcb3/Permits/Index.htm>.
- (b)** The quarterly newsletter was re-established with a first mailing on May 30, June 1, and June 4. Our intent is to improve the distribution process and provide a method of quality outreach to the community.
- (c)** A verbal estimate was obtained to perform collection system smoke testing based on the concern that the collection system experiences infiltration. The cost to perform smoke testing of the entire collection system is conservatively estimated to be \$14,500.
- (d)** Cal Trans was contacted and subsequently performed graffiti removal from the Pico Creek Bridge crossing on June 6, 2007.
- (e)** Weed abatement activity has been performed by Mike Rice and letters were mailed out to property owners. The deadline for weed clearing is June 30, 2007.
- (f)** Thirteen members of the local Surf Rider Foundation toured the Waster Water Treatment Facility on May 11, 2007 from 3:00pm to 5:00pm. Dan Daniels and Jerry Copeland prepared visual displays of water entering the plant as compared to the treated water exiting the plant and prepared a handout for participants which described the treatment process.

Superintendent's Report

May 2007

May 7, 2007

The Wastewater Treatment Plant performed well during the month and produced a good quality treated effluent. We were in compliance throughout the month with no exceedances of permit limitations. On May 11th we gave the Surfrider Foundation a tour of the facilities. There were thirteen attendees from Surfrider. District Board Chairman Terry Lambeth, District General Manager and ECO Resources District Operations Manager Charlie Grace were on hand as well as myself and Operator Jerry Copeland to help with the tour and answer questions. The tour went very well and it appeared to me that the Surfrider group seemed impressed with the improvements made to the treatment facility as well as the high quality treated effluent that is produced.

The water table at the wells remains at a satisfactory level for this time of year. We had a problem with the depth gauging tape hanging up in well #2 and were unable to retrieve it so there were no depth measurements made until we ordered in a replacement tape. This is the second time in less than two years that a tape has become lodged on something at about the 10 to 15 foot level and until such time as we can determine what the tapes are hanging up on we will be taking depth measurements at well #2. We have found that the depth to the water table is consistently the same between the two wells with the only variation being that the top of the well casing is about 1/10 foot higher at well #2 than at #1. This appears to be consistent with the work done by the hydrologic specialists in previous studies.

We are still working on the details for the improvements previously approved by the Board and although I planned on being further along with the project than we are, we have encountered a few problems that necessitated changes and, prior to moving forward with the project, we need to be sure that these details resolved. I'm working closely with Pacific States Electrical & Instruments to insure that the final product will be in total accord with the needs of the District. We discovered that the line between the Final Clarifiers and the Chlorine Contact Chamber is actually buried under the lab/office building and have had to make other provisions for the installation of a flow meter on this line.

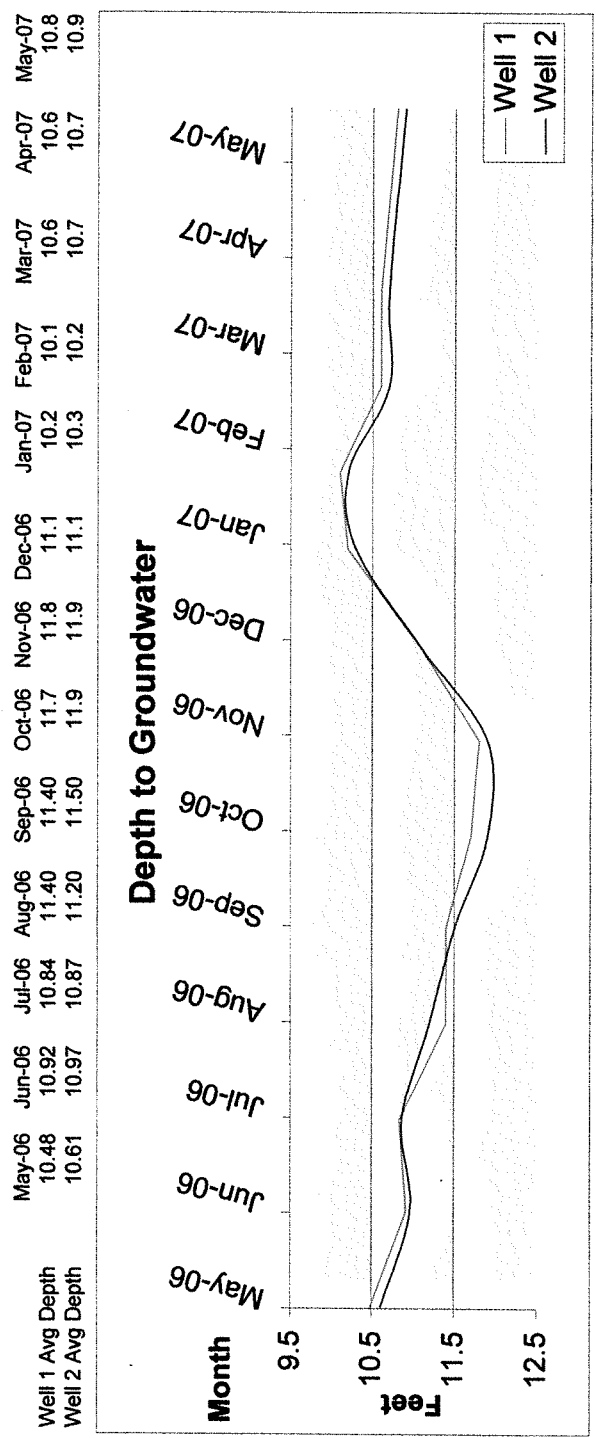
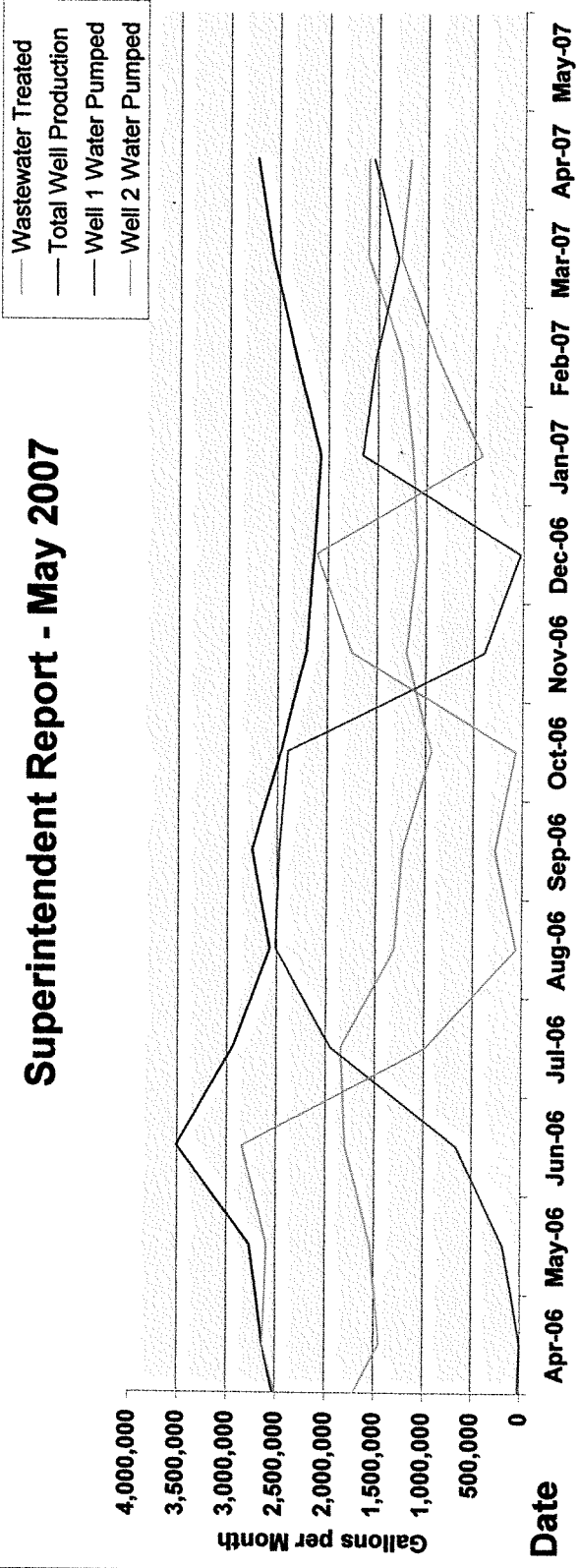
Report prepared and submitted by Dan Daniels, Facility Manager, ECO Resources, Inc.

San Simeon Community Services District Data Summary Sheet May 2007

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total for 2006
Wastewater Treated	1,271,275	1,363,034	1,512,445	1,969,983	1,449,000	1,539,298	1,798,204	1,849,711	1,307,276	1,229,498	936,304	1,199,886	17,425,914
Total Well Production	1,995,888	1,926,324	2,167,480	2,418,698	2,633,708	2,767,600	3,509,616	2,940,538	2,571,699	2,755,408	2,464,361	2,216,623	30,367,903
Well 1 Water Pumped	0	540,654	701,474	43,758	0	177,276	663,476	1,955,721	2,514,327	2,479,919	2,395,545	393,523	11,865,674
Well 2 Water Pumped	1,995,888	1,385,670	1,466,005	2,374,900	2,633,708	2,590,324	2,846,140	984,817	57,372	275,488	68,816	1,755,406	18,394,534
Water Well 1 Avg Depth to Water	10.4	10.5	10.1	9.8	10.5	10.9	10.8	11.4	11.4	11.7	11.8	11.1	10.9
Water Well 2 Avg Depth to Water	10.3	10.5	10.4	10.0	10.6	11.0	10.9	11.2	11.5	11.9	11.9	11.1	10.9
State Wastewater Treated	705,247	397,658	292,804	456,107	315,899	315,831	429,805	417,679	285,432	239,367	207,822	269,494	4,333,165
State % of Total WW Flow	55.48	29.17	19.36	23.15	21.80	20.52	23.90	22.58	21.83	19.47	22.20	22.46	25.16
Biosolids Removal (Gallons)	6,000	6,000	12,000	6,000	12,000	35,490	32,288	28,223	25,180	24,607	24,947	6,198	218,933
WW Permit Exceed, Revised 12-7-06	2	1	0	1	4	1	0	1	0	0	1	0	11
Constituents Exceeded	T Coliform	T Coliform	None	T Coliform	T Coliform	None	None	T Coliform	None	T Coliform			
Sample Limit	230	230		230	230			230		230			
Sample Result	240	500		900	300			240		240			
	500				1600			350					
Constituents Exceeded					Tot CL2								Tot CL2
Sample Limit					0.93								0.93
Sample Result					7.1								1.04

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Total for 2007
Wastewater Treated	1,088,548	1,137,863	1,252,523	1,598,800	1,598,800	5,077,734
Total Well Production	2,140,776	2,076,298	2,329,571	2,565,490	2,722,870	11,835,005
Well 1 Water Pumped	28,349	1,651,734	1,519,338	1,295,835	1,548,360	6,043,616
Well 2 Water Pumped	2,112,427	424,565	891,018	1,269,655	1,174,510	5,972,175
Water Well 1 Avg Depth to Water	10.2	10.1	10.6	10.6	10.8	10.5
Water Well 2 Avg Depth to Water	10.3	10.2	10.7	10.7	10.9	10.6
State Wastewater Treated	191,904	230,939	210,820	286,505	255,666	1,175,834
State % of Total WW Flow	17.63	20.30	16.83	17.92	15.99	23.16
Biosolids Removal (Gallons)	0	6,523	5,933	6,487	12,309	18,943
WW Permit Limitation Exceeded	0	0	1	0	0	1
Constituents Exceeded			T Coliform			
Sample Limit			230			
Sample Result			300			

Superintendent Report - May 2007



Other Reports
District Financials Summary

District Financials

May 2007 Billings	\$33,553.78
April 2007 Billings	\$37,815.21
May Past Due	\$3,847.00
LAIF Account	\$788,108.93
SEP Accounts	\$85,420.30
	\$20,548.51
Accounts Payable	\$38,674.61
Checking Account Balance	\$98,618.70

**Board of Directors – Regular Meeting
San Simeon Community Services District
MINUTES**

**Wednesday May 9, 2007
Regular Meeting 6:00 PM
Cavalier Banquet Room**

1. 6:00 PM – REGULAR SESSION

Roll Call-All Directors present except McAdams
Pledge of Allegiance

2. Public Comment: None

A. Sheriff's Report: There were 48 calls in San Simeon last month including one for an assault outside of a bar.

3. STAFF REPORTS:

A. General Manager's Report (Charlie Grace)

a. NPDES renewal update: The Regional Water Quality Control Board will have a meeting on May 11th to adopt the National Pollution Discharge Elimination Permit (NPDES) for the Wastewater Treatment Plant. Mr. Grace will attend.

b. Draft Quarterly Newsletter: A copy of the draft is in the board packet. Director Ricci suggested having the phone number of the district office in the right corner and also to include when the weed abatement will be completed.

B. Superintendent Report: The report was presented by facility manager Dan Daniels. He announced no exceedances in the last month. Wastewater flow has gone up as well as water usage. The well levels are stable and unchanged.

C. Other Reports

a. District Financial Summary:

<u>March 2007 Billings</u>	<u>\$25,473.98</u>
<u>April 2007 Billings</u>	<u>\$37,815.21</u>
<u>April Past Due</u>	<u>\$2,836.47</u>
<u>LAIF Account</u>	<u>\$822,063.21</u>
<u>SEP Accounts</u>	<u>\$85,065.86</u>
	<u>\$20,463.25</u>
<u>Accounts Payable</u>	<u>\$42,831.26</u>
<u>Checking Account Balance</u>	<u>\$67,193.04</u>

Charles Grace announced that one account would be having the water shut off due to non-payment.

D. District Counsel Report – Along with his normal general duties of instructing the District as to Brown Act issues, District Counsel has been working on the North Area Coastal Plan comments and also whether to advise the District to dispute the penalties with the Water Board.

4. ITEMS OF BUSINESS:

A. Approval of Minutes –April 11, 2007

Motion made: Director Russell
Second: Director Ricci
Approved 4-0 as amended

B. Approval of Warrants – May 1- May 31, 2007

Check numbers 5635 and 5632 for interest paid to Crosby and Cindrich should be voided.

Motion made: Director Russell
Second: Director Fields
Approved 4-0 with changes

5. DISCUSSION/ACTION ITEMS:

A. Discussion regarding the Courtesy Inn: Art Trinidad from County Code Enforcement answered questions from the board. His agency performs monthly inspections of the Courtesy Inn's books to make sure they are following rules that tenants stay in one room no longer than 29 days and that their transient occupancy tax is paid. Mr. Trinidad says the owner of the Inn is very cooperative and has applied for a permit which would allow him to have long term tenants. Unless a witness comes forward or there is evidence of a constitutional issue, code enforcement cannot take legal action.

Another issue concerning San Simeon is the large number of abandoned cars. The California Highway Patrol was previously responsible and the problem was given to Code Enforcement. Cars that are abandoned are usually not registered. The penalty will soon triple, hopefully creating a deterrent for abandoning cars.

B. Discussion/Action regarding review of pipe bride painting bid specification:

Motion to have staff get 3 informal bids within 30 days with a minimum of 2 bids.

Motion made by: Director Ricci
Second by: Director Russell
Approved 4-0 without exception

correct

C. Board Committee Reports: Director Russell oversees the Water Master Plan Committee. He, along with the other Committee members, agreed upon three principles they suggest the District adopts. The first is that the new water and sewer rate plans should be consistent with the increases in sewage treatment and the future source of water. Then, the plan should be adequate for fire flow resources such as pipes and the water source. Third, they suggest asking the county to mandate fire sprinklers in all new construction and major remodels allowing for a smaller reservoir and pipes. The committee suggests creating an Ordinance which establishes a procedure for estimating rates based on the Los Angeles Consumer Price Index plus 1 %.

Motion made: Director Russell

Second by: Director Ricci

Approved 4-0 without exception

ELABORATE - TAKE FROM LAST SENTENCE

D. Board Reports: Chairperson Lambeth solicited volunteers for a Budget Committee consisting of Mike Hanchett, Director Ricci, and Elizabeth O'Leary. The committee will discuss and create the 2007/2008 budget for the district.

7. BOARD/STAFF GENERAL DISCUSSIONS AND PROPOSED AGENDA

ITEMS: District Counsel Schultz said an agenda must be posted for all meetings by law.

8. ADJOURNMENT

**San Simeon Community Services District
WARRANT REPORT
June 1-30 2007**

Type	Date	Open Balance	Warrant #	Check #
Fields, Alan	6/6/2007	\$ 100.00	0606-001	5646
Monthly Board Services				
Ricci, DeeDee	6/6/2007	\$ 100.00	0606-002	5651
Monthly Board Services				
Lambeth, Terry	6/6/2007	\$ 100.00	0606-003	5657
Monthly Board Services				
Ralph McAdams	6/6/2007	\$ 100.00	0606-004	5645
Monthly Board Services				
Russell, John	6/6/2007	\$ 100.00	0606-005	5654
Monthly Board Services				
Schultz, Rob	6/6/2007	\$ 1,575.00	0606-006	5656
District Counsel Services				
ECO Resources	6/6/2007	\$ 32,613.60	0606-007	5658
Monthly Services				
GBP&B	6/6/2007	\$ 1,200.00	0606-008	5653
Monthly Services				
ECO Resources	6/6/2007	\$ 732.17	0606-009	5660
Expenses in excess of annual fund				
County of San Luis Obispo	6/6/2007	\$ 28.84	0606-010	5650
Cross Connection Admin. Cost				
PG and E	6/6/2007	\$ 1,345.09	0606-011	5659
Street Lighting				
Bytes and Sites	6/6/2007	\$ 275.00	0606-012	5648
Monthly Maintenance fee				
Boyle Engineering Corp.	6/6/2007	\$ 226.80	0606-013	5647
Task Order 7-05 Evaluation and Rate Study				
CAL Pers	6/6/2007	\$ 178.11	0606-014	5649
Monthly Billing				

Total: \$ 38,674.61

Discussion / Action Item
June 13, 2007

A. LAIF (Local Agency Investment Fund) Account.

The LAIF account requires a resolution from the Board of Directors naming the General Manager (Charles Grace) as authorized to make transfers.

B. Pipe Bridge Painting Quotes.

Specifications for painting the sewer crossing (Pipe Bridge) were presented to the Board; subsequently staff has obtained quotes for preparation and painting of the pipe bridge. If the Board directs staff to pursue painting the pipe bridge the task will require following the public bid process therefore no quotes are presented in the Board Package. Preparation for painting proved to be a substantial amount of the total cost.

C. District Counsel Increase Salary.

District Council has requested an increase in salary of \$75.00 per month. This increase is the first increase in monthly rate

D. Scenic Byway Signage at San Simeon Entrance.

Included in the board packet is a picture of the proposed scenic byway sign for placement at the entrances of San Simeon.

E. Coastal Commission Letter.

This letter is prepared to inform the County of San Luis Obispo that the San Simeon Community Service District has significant concerns regarding specific items listed in the Coastal Commissions Plan.

F. Consumer Price Index Ordinance.

This Ordinance is presented to enable the San Simeon Community Service District the ability to operate and maintain its water and waste water infrastructure.

G. Authorize General Manager to mail proposition 218 notice.

Proposition 218 requires mailing notice to the owners / rate payers 45 days in advance of a structure change. That notice has been attached for the Boards review and approval.

H. Review / Approve 2007-2008 Fiscal Budget as presented by the Budget Committee.

The 2007-2008 Fiscal year budget has been prepared and is presented as part of this Board Packet for review and approval.

I. Develop SSMP (Sewer Management Plan) to comply with State WDR (Waste Discharge Requirements).

The State Water Resource Control Board has required public agencies with a mile or more of collection system to apply for a General waste discharge requirement and

complete a (SSMP) Sewer System Management Plan. In addition to other items the management plan will identify sewer spill procedures as well as identify routine maintenance items. The General WDR has been applied for and the General Manager is requesting authorization to request quote from ECO Resources to perform this task.

J. Review / Approve draft 2005 - 2006 financial audit.

The draft financial audit for the previous fiscal year is provided by Crosby and Cindrich and presented for your review. Upon draft approval the audit will be made final.

ORDINANCE NO. 103

MAY NEED TO VERIFY CHANGES

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE SAN SIMEON COMMUNITY SERVICES DISTRICT ESTABLISHING CONSUMER PRICE INDEX CHARGES FOR WATER AND SEWER SERVICE WITHIN THE DISTRICT

WHEREAS, State law, including but not limited to, Government Code Section 61621, provides that the San Simeon Community Services District (hereinafter referred to as "District") may prescribe, revise and collect rates or other charges for the services and facilities furnished by it; and,

For August 9, 2007

WHEREAS, the District on June 13, 2007, set a public meeting date to revise wastewater rates and;

WHEREAS, said public meeting was properly noticed; and

WHEREAS, the District has on file data indicating the amount of estimated costs required to provide the services for which the fees are levied and the Consumer Price Index provided by the U.S. Department of Labor, Bureau of Labor Statistics for Los Angeles, Riverside, Orange County, Base year 1982; and

WHEREAS, it is necessary to produce additional revenues to offset the annual increases in operating cost due to increases in utility and equipment maintenance;

NOW, THEREFORE, BE IT ORDAINED, by the Board of Directors of the San Simeon Community Services District as follows:

SPACE

SECTION 1.

The district hereby revises wastewater and water rates as such to include ^{AN} annual increase, effective at the start of each fiscal year, in wastewater and water rates based on the Consumer Price Index (CPI) provided by the U.S. Department of Labor, Bureau of Labor Statistics (Los Angeles, Riverside, Orange County Base year 1982) plus one percent

SECTION 2.

The rates increase based shall become effective August 9, 2007.

On motion of Director _____, Seconded by Director _____, and on the following roll call vote to wit:

AYES:

NOES:

ABSENT:

CHANGE NO.
Ordinance No.103 is hereby adopted this 9th day of August 2007.

Terry Lambeth
President, Board of Directors

ATTEST:

Leah Rice
District Secretary

APPROVED AS TO FORM

Robert Schultz
District Council

NOTICE OF PUBLIC HEARING
SAN SIMEON COMMUNITY SERVICES DISTRICT

Notice in Conformance with Proposition 218

In order for water and wastewater services to remain operational and in effort to provide reliable drinking water and regulatory compliant wastewater treatment for the citizens of San Simeon, the Board of Directors has placed a strong focus toward strengthening the community's infrastructure.

Pursuant ^{to} the requirements of Proposition 218 and California Constitution Article XII, Notice is hereby given that the Board of Directors of the San Simeon Community Services District will hold a public hearing on Wednesday August 9, 2007 at 6:00 p.m., at the Best Western Cavalier Banquet Room 9415 Hearst Dr, San Simeon CA 93452, California, to consider an ordinance that would increase the rates for water and sewer service for the San Simeon Community Services District.

At the June 13, 2007 regular meeting, the Board of Directors authorized the publication of a notice setting a public hearing to consider a new water rate increase.

In compliance with Proposition 218 ^{see} and California Constitution Article XII, the District is hereby notifying all affected users / property owners of the proposed water and sewer rate increase effective August 9, 2007 as follows:

- Affected users / property owners are notified by mail about the proposed rate increase. This notice outlines the public protest process and publicizes the public hearing.
- If written protests are presented by a majority of the affected property owners prior to the close of the public hearing, the proposed rate increase will be rejected.
- This notice provides information relating to the proposed rate change.

The proposed resolution would increase the monthly metered rates for water and sewer service in accordance with the following:

At the beginning of each fiscal year (July 1) the then current water and sewer rate will be increased by the Consumer Price Index plus one percent as published by the U.S. Department of Labor, Bureau of Labor Statistics for Los Angeles, Riverside, and Orange County.

If you oppose the above, your protest must be submitted in writing to be considered, even if you plan to attend the public hearing. If written protests are submitted by a majority of the affected users / property owners, the proposed rate increase will not be imposed. **Your written protest must be received prior to the close of the August 9, 2007 public hearing.**

Written protests must contain a description of the property, such as the assessor's parcel number and the street address of the property. Please send your written protest to:

San Simeon Community Services District
111 Pico Avenue
San Simeon, CA 93452

The San Simeon Community Services District requires that any rate increase protests be submitted in writing. **E-mail protests will not be accepted.**

A copy of the proposed ordinance and information related to the rate change are available at the San Simeon Community Services District office at the address indicated above. If you challenge any of the above matters in court, you may be limited to raising only those issues which you or someone else raised at the public hearing described in this notice, or written protest delivered to the District Secretary of the San Simeon Community Services District, at or prior to the public hearing. All persons are invited to attend and will be given full opportunity to be heard.

Charles Grace, General Manager

RESOLUTION NO. 07-314

**RESOLUTION OF THE SAN SIMEON COMMUNITY SERVICES DISTRICT ESTABLISHING
AND AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT
FUND**

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

WHEREAS, the San Simeon Community Services District Board of Directors does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein as in the best interest of the San Simeon Community Services District.

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

The foregoing Resolution was duly passed and adopted by the Board of Directors at a regular meeting held on the 13th of June 2007, by the following vote:

AYES:

NOES:

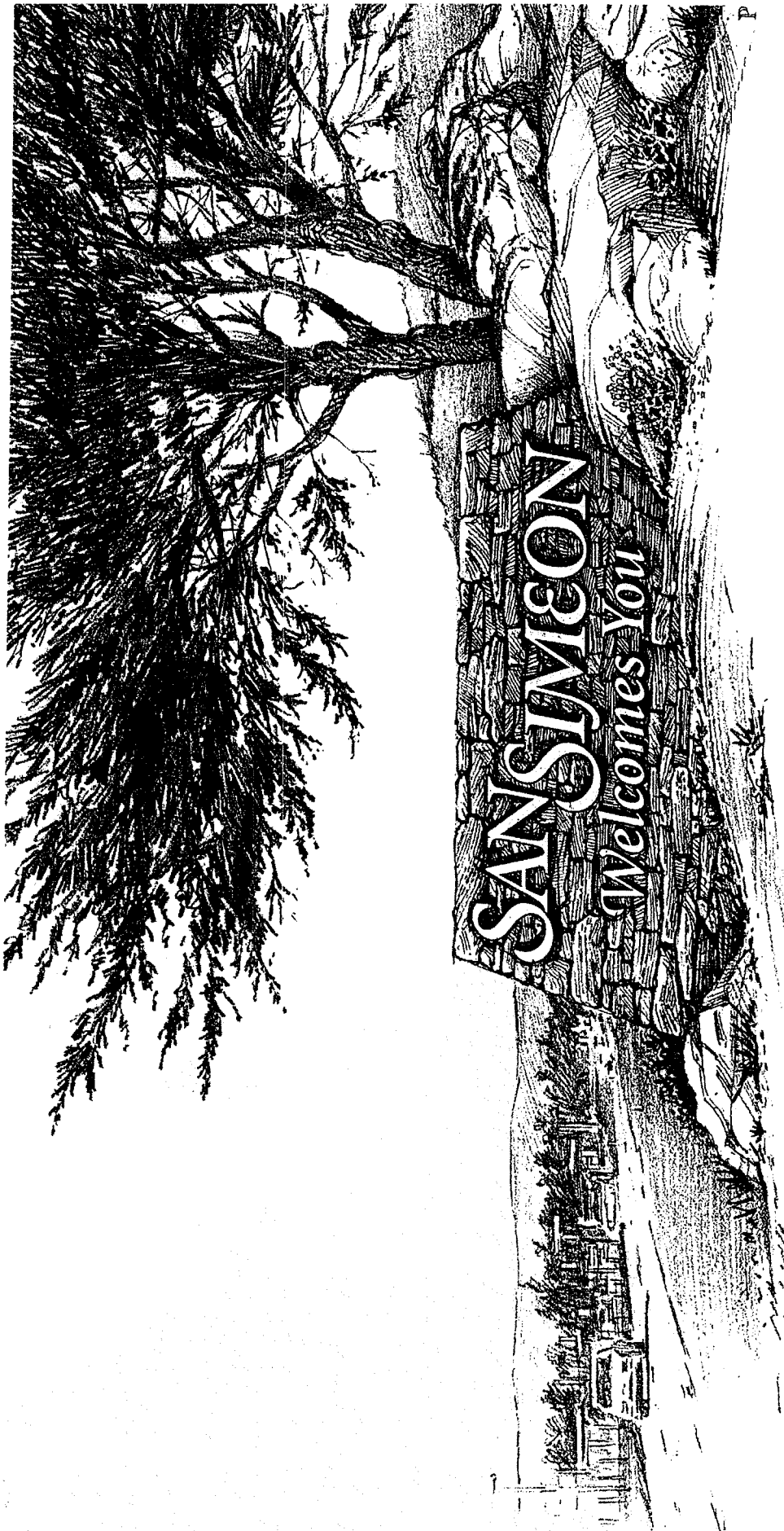
ABSENT:

ABSTAIN:

Attest:

Terry Lambeth, Board President

Leandra Rice, District Secretary



SAN SIMON
Welcomes You

	06/07 Annualized 10 Mo Actual	06/07 12 Mo Projection	06/07 Approved budget	07/08 Draft Budget	Comments
Revenue					
4000 Services					
4025 Service Fee - Water	\$27,810.00	\$33,372.00	\$37,260.00	\$33,372.00	
4005 Services -Waste	\$165,804.00	\$198,964.80	\$232,385.00	\$198,964.80	
4010 Services - Water	\$183,885.00	\$220,662.00	\$233,772.00	\$220,662.00	
4050 State of CA_ Hearst Castle	\$64,513.00	\$77,415.60	\$100,000.00	\$77,415.60	
Inspection Fees - Water	\$0.00	\$0.00	\$0.00	\$0.00	
Inspections Fees - General	\$0.00	\$0.00	\$0.00	\$0.00	
Total 4000 - Services	\$442,012.00	\$530,414.40	\$603,417.00	\$530,414.40	
4100 - Property Tax					
4110 Property Tax Current Secured	\$39,380.00	\$39,380.00	\$50,000.00	\$39,380.00	
4120 Property Tax Current Secured Supp	\$4,417.00	\$4,417.00	\$4,000.00	\$4,417.00	
4130 Property Tax Current Unsecured	\$10,299.00	\$10,299.00	\$100.00	\$10,299.00	
4140 Property Tax Current Unsecured Supp	(\$193.00)	(\$193.00)	\$12.00	\$0.00	
4150 Property Tax Prior Secured	(\$54.00)	(\$54.00)	\$0.00	\$0.00	
4160 Property Tax Prior Secured Supp	(\$2.00)	(\$2.00)	\$0.00	\$0.00	
4170 Property Tax Prior Unsecured	\$59.00	\$59.00	\$85.00	\$59.00	
4180 Property Tax Prior Unsecured Supp	\$23.00	\$23.00	\$24.00	\$23.00	
4190 Penalties and Interest Property Tax	\$29.00	\$29.00	\$15.00	\$29.00	
4220 Homeowners Property Tax Relief	\$339.44	\$339.44		\$339.44	
4270 Current Utility Tax	\$667.00	\$667.00		\$667.00	
4280 State Aid - Homeowners	\$103.00	\$103.00	\$500.00	\$103.00	
4290 Education Rev Augmentation	\$0.00	\$0.00	(\$52,502.00)	\$0.00	
4230 SB2557 Tax Reduction	\$0.00	\$0.00	(\$1,700.00)	\$0.00	
4240 Electric Dereg Settlement	\$0.00	\$0.00	\$50.00	\$0.00	
Total 4100 Property Tax	\$55,067.44	\$55,067.44	\$584.00	\$55,316.44	
Sub-Total (Services and Property Tax)	\$497,079.44	\$585,481.84	\$604,001.00	\$585,730.84	
		Deleted line item	\$5.00		
4800 Miscellaneous Income	\$6,563.00	\$7,875.60	\$0.00	\$0.00	
4900 Late Fees and Adjustments	\$7,098.00	\$8,517.60	\$5,000.00	\$8,517.60	Utility Bill Late Charges
8030 Other Income					
8010 CD SEP Interest Income	\$3,038.00	\$3,645.60	\$0.00	\$3,645.60	
8015 Dividend	\$0.00	\$0.00	\$300.00	\$0.00	
8020 Interest - Money Market	\$0.00	\$0.00	\$2,000.00	\$0.00	
Interest LAIF	\$46,737.00	\$56,084.40	\$20,600.00	\$20,000.00	
State payment for WWTP Cap imprv				\$81,000.00	

4.5% CPI rate increase						\$20,384.00	
Total Other Income		\$49,775.00	\$59,730.00		\$22,900.00	\$125,029.60	
Sub-Total Income		\$560,515.44	\$661,605.04		\$631,901.00	\$719,278.04	
INCOME		\$560,515.44	\$661,605.04		\$733,901.00	\$719,278.04	Without LAIF Acct
Fund Transfers							
SEP Fund	\$0.00	\$0.00	\$0.00		\$102,000.00	\$0.00	
LAIF Fund	\$0.00	\$0.00	\$0.00		\$257,003.30	\$0.00	
Total Fund Transfers					\$359,003.30	\$0.00	
TOTAL INCOME					\$990,909.30	\$719,278.04	Including LAIF Acct

	06/07 Annualized 10 mths	06/07 12 Mo Projection	06/07 Approved budget	07/08 Draft Budget
EXPENDITURES				
<u>SALARIES / EMPLOYEE BENEFITS</u>				
6075	Med. Insurance Contribution - Retiree	\$5,191.20	\$1,750.00	\$5,500.00
6030	Directors Fee	\$5,640.00	\$6,000.00	\$6,000.00
	Total Salaries / Employee Benefits	\$10,831.20	\$7,750.00	\$11,500.00
<u>SERVICES and SUPPLIES</u>				
6000	Accountant	\$8,118.00	\$4,200.00	\$10,000.00 Crosby annual audit
6025	Bookkeeping Services	\$12,000.00	\$14,400.00	\$15,000.00 GBP&B accounting
6015	Auto Expense	\$144.00	\$172.80	\$150.00
6017	Bad Debt	\$358.00	\$429.60	\$400.00
6050	Elections	\$612.00	\$0.00	\$750.00
6060	Rip Rap Engineering	\$8,897.00	\$20,000.00	\$10,000.00 10K per Tom actual unknown
6065	Equipmental Rental	(\$825.00)	\$2,000.00	\$1,500.00
6080	Liability, Auto, Fire, Property	\$5,451.00	\$7,000.00	\$6,800.00
6100	Attorney Fees / Legal Fees	\$15,750.00	\$18,900.00	\$19,800.00
6105	Licenses / Permits	\$6,714.00	\$5,000.00	\$6,500.00
6110	Memberships / Seminars	\$383.00	\$500.00	\$500.00
6125	OM&M (ECO)	\$450,549.00	\$414,949.30	\$437,366.72 *3.5% CPI Inc,
6145	Professional Services	\$7,450.00	\$2,500.00	\$7,500.00 Ocean Outfall Inspection / Repair
6150	Contingency:	\$0.00	\$17,500.00	\$15,000.00
	Coastal Comm / RWQCB legal fees			
	Fiscal Planner			
6055	Road Maintenance	\$0.00	\$0.00	\$25,000.00
6180	Street Lights	\$3,388.27	\$0.00	\$6,600.00
6195	Website	\$1,950.00	\$1,800.00	\$2,500.00
6200	Violations	\$0.00	\$30,000.00	\$30,000.00
6155	Miscellaneous Expenses	\$266.00	\$0.00	\$1,000.00
6095	LAFCO Cost Apportionment	\$0.00	\$3,000.00	\$2,372.00
6020	Bank Services Fees	\$230.00	\$60.00	\$270.00
6035	Dues and Subscriptions	\$591.00	\$750.00	\$650.00
	Total Services and Supplies	\$522,226.27	\$542,559.30	\$599,658.72
		6045,6120,6130,6140 Deleted line items =	\$8,600.00	
<u>Other Expenses</u>				
9030	Capital Improvements	\$165,189.00	\$350,000.00	\$100,000.00
	WDR SMMP			\$5,000.00
	CCC Improvements			\$63,000.00
	Tertiary Treatment			
	Water Master Plan			

9010	Depreciation	\$45,000.00	\$54,000.00	\$82,000.00	\$54,000.00
	Total Other Expenses	\$210,189.00	\$2,226.80	\$432,000.00	\$222,000.00
	GRAND TOTAL EXPENDITURES	\$741,441.27	\$889,729.52	\$990,909.30	\$833,158.72
	GRAND TOTAL REVENUE			\$990,909.30	\$719,278.04
				\$0.00	(\$113,880.68)
6125	*3.5 ECO CPI based on actual LA Basin CPI increase \$2,000 to account for increase in sampling cost due to new WWTP NPDES permit issued May 11, 2007.				

07-08 Expenditures Allocation Breakdown by %													
SALARIES / EMI / YEE BENEFITS													
							Water	Sewer	General	Water	Sewer	General	Total
6075	Med. Insurance Contribution - Retiree								100%	\$0.00	\$0.00	\$5,500.00	\$5,500.00
6030	Directors Fee	45%		45%					10%	\$2,700.00	\$2,700.00	\$600.00	\$6,000.00
	Total Salaries / Employee Benefits						\$2,700.00	\$2,700.00				\$6,100.00	\$11,500.00
SERVICES and SUPPLIES													
6000	Accountant	25%	25%				\$2,500.00	\$2,500.00	50%	\$5,000.00	\$5,000.00	\$5,000.00	\$10,000.00
6025	Bookkeeping Services	25%	25%				\$3,750.00	\$3,750.00	50%	\$7,500.00	\$7,500.00	\$7,500.00	\$15,000.00
6015	Auto Expense						\$0.00	\$0.00	100%	\$150.00	\$150.00	\$150.00	\$150.00
6017	Bad Debt						\$0.00	\$0.00	100%	\$400.00	\$400.00	\$400.00	\$400.00
6050	Elections						\$0.00	\$0.00	100%	\$750.00	\$750.00	\$750.00	\$750.00
6060	Rip Rap Engineering	20%	80%				\$2,000.00	\$8,000.00		\$0.00	\$0.00	\$0.00	\$10,000.00
6065	Equipmental Rental	50%	50%				\$750.00	\$750.00		\$0.00	\$0.00	\$0.00	\$1,500.00
6080	Liability, Auto, Fire, Property	10%	60%				\$680.00	\$4,080.00	30%	\$2,040.00	\$2,040.00	\$2,040.00	\$6,800.00
6100	Attorney Fees / Legal Fees	33%	34%				\$6,534.00	\$6,732.00	33%	\$6,534.00	\$6,534.00	\$6,534.00	\$19,800.00
6105	Licenses / Permits	50%	50%				\$3,250.00	\$3,250.00		\$0.00	\$0.00	\$0.00	\$6,500.00
6110	Memberships / Seminars						\$0.00	\$0.00	100%	\$500.00	\$500.00	\$500.00	\$500.00
6125	OM&M (ECO)	35%	60%				\$153,078.35	\$262,420.03	5%	\$21,868.34	\$21,868.34	\$21,868.34	\$437,366.72
6145	Professional Services	33%	33%				\$2,475.00	\$2,475.00	34%	\$2,550.00	\$2,550.00	\$2,550.00	\$7,500.00
6150	Contingency	45%	45%				\$6,750.00	\$6,750.00	10%	\$1,500.00	\$1,500.00	\$1,500.00	\$15,000.00
	Coastal Comm / RWQCB legal fees												
	Fiscal Planner												
6055	Road Maintenance						\$0.00	\$0.00	100%	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00
6180	Street Lights						\$0.00	\$0.00	100%	\$6,600.00	\$6,600.00	\$6,600.00	\$6,600.00
6195	Website						\$0.00	\$0.00	100%	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
6200	Violations						\$0.00	\$30,000.00		\$0.00	\$0.00	\$0.00	\$30,000.00
6155	Miscellaneous Expenses						\$0.00	\$0.00	100%	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
6095	LAFCO Cost Apportionment	25%	25%				\$593.00	\$593.00	50%	\$1,186.00	\$1,186.00	\$1,186.00	\$2,372.00
6020	Bank Services Fees						\$0.00	\$0.00	100%	\$270.00	\$270.00	\$270.00	\$270.00
6035	Dues and Subscriptions	30%	50%				\$195.00	\$325.00	20%	\$130.00	\$130.00	\$130.00	\$650.00
	Total Services and Supplies						\$182,555.35	\$331,625.03		\$85,478.34	\$85,478.34	\$85,478.34	\$599,658.72

May 18, 2007

San Simeon Community Service District
111 Pico Lane
San Simeon, CA 93452

Attention: Terry Lambeth

Subject: Compliance with State Water Resources Control Board Order No. 2006-0003,
"Statewide General Waste Discharge Requirements for Sanitary Sewer Systems".

Dear Mr. Lambeth;

The State of California adopted the subject Waste Discharge Requirements (WDR) May 2, 2006, to enforce elimination of sanitary sewer overflows (SSO). These regulations affect all publicly owned sewer systems in the State with more than one mile of sewer system. Because your system is publicly owned and has more than one mile of sewers, you must comply with the WDR. Failure to comply is a violation of the State Water Code and could result in an enforcement action by the State.

As part of the WDR you must enroll in the State database and begin reporting SSOs. You are also required to prepare a Sewer System Management Plan (SSMP). Deadlines for submittals of components of the SSMP vary by size of system, but certain elements may be past due or may be required in the near future.

As your System Operator, ECO Resources would like to assist you in compliance with the WDR. We propose to help you with enrollment in the State data base, reporting of SSOs and with preparation of the SSMP. Attached, please find an outline of the requirements of the SSMP and a proposed standard approach.

If you are interested in pursuing this approach, we will be happy to tailor a specific proposal with scope of work and costs for your review. Please contact this office or your Facility Manager if you are interested in meeting to discuss this further.

Sincerely,

Tom O'Neill
Western Region Vice President

Standardized Project Approach Sewer System Management Plans For Eco Resources Contracts

Regulatory Requirement

Waste Discharge Requirement

The State of California has issued State Water Resources Control Board Order No. 2006-0003, "Statewide General Waste Discharge Requirements for Sanitary Sewer Systems". The order was adopted May 2, 2006 and specified that all affected agencies must have applied for coverage under the WDR within 6 months of adoption of the order (November 2, 2006).

The WDR was issued to reduce and prohibit Sanitary Sewer Overflows (SSOs) from public sewer systems. The WDR specifically prohibits SSOs, but also provides requirements for each affected agency to implement a Sewer System Management Plan (SSMP) and a Monitoring and Reporting Program. Non-compliance with the WDR constitutes a violation of the California Water Code and is grounds for an enforcement action.

Application

The WDR applies to all federal, and state agencies, municipalities, counties, districts, and other public entities that own or operate sanitary sewer systems greater than one mile in length that collect and/or convey untreated or partially treated wastewater to a publicly owned treatment facility in the State of California.

Sewer System Master Plan Requirements

In order to "facilitate proper funding and management of sanitary sewer systems, the WDR requires that each "enrollee" must "develop and implement as system-specific Sewer System Management Plan (**SSMP**).” The SSMP is to include provisions for proper management, operation and maintenance of the sewer system. The WDR allows the SSMP to take "into consideration of risk management and cost benefit analysis".

The components of the **SSMP** include:

- **Goals and Organization-** The SSMP must identify responsible parties and chain of communication for reporting SSOs.

- **Legal Authority** – Each enrollee must demonstrate through ordinances or other legal means that it has the authority to prohibit illegal discharges into its sewer system, gain access for maintenance and operation, prohibit greases and oils, and enforce violations of said ordinances.
- **Operation and Maintenance Program** – This program shall include up-to-date maps of the sewer system, descriptions of O&M activities, documentation of a Preventative Maintenance Program, development of a repair and replacement program to address long and short term system deficiencies, a program of regular training for O&M personnel, and inventories of replacement parts.
- **Design and Performance Provisions**- Provisions shall include design and construction standards for sewer systems, pumping stations, and sewer appurtenances, including provisions for repair and rehabilitation. Provisions shall also include standards for testing and inspection for new construction and rehabilitation.
- **Overflow Emergency Response Plan**- The plan shall be developed to provide proper and timely notifications and responses to SSOs. The plan should address all reasonable steps to prevent discharge of SSOs to surface waters and to minimize environmental damages.
- **FOG (Fats, Oil, & Greases) Control Program**- This program includes a public education provision, a plan and schedule to address FOG, requirements to install oil and grease interceptors, authority to require and inspect for FOG control, establishment of cleaning for impacted sewer segments, and implementation of source control measures.
- **System Evaluation and Capacity Assurance Plan**- The enrollee must evaluate the capacity of its system to handle peak hydraulic loads, and develop design criteria to address deficiencies. The plan includes development of short term and long term Capital Improvement Plans (CIPs) to address system deficiencies. The CIPs shall include a schedule and prioritization for recommended improvements.
- **Monitoring, Measurement, and Program Modifications**- The enrollee must provide means to monitor, measure results and implement modifications to the plan. The enrollee shall maintain relevant information and prioritize SSMP activities, monitor implementation, evaluate effectiveness, monitor the O&M program, update the Plan based on monitoring, and identify trends in SSO performance,
- **SSMP audits**- The enrollee must conduct audits at least every two years of the effectiveness of the SSMP, including identification of problems and steps for correction.
- **Communication Plan**- The enrollee must create a public communications plan and report to the public on a regular basis on the development of the SSMP. The public shall have the opportunity to provide input on the development of the plan.
- **Certification**- The enrollee must certify the SSMP complies with the requirements by utilizing an on-line procedure. The SSMP must be certified by the enrollee's governing board.

Timelines

Enrollment

All agencies with publicly owned sanitary sewer systems must have applied for coverage by November 2006.

Reporting

Enrollees are required to begin reporting SSOs on-line in a phased approach by State of California Water Quality Control Board Region.

- **Regions 4, 8, 9: starting January 2, 2007**
- **Regions 1, 2, 3: starting May 2, 2007**
- **Regions 5, 6, 7: starting September 2, 2007**

SSMP

In general requirements to complete portions of the SSMP are dependent on the population served by the enrollee, and are as indicated in the following table.

Task	Population > 100,000	Population 10,000 to 100,000	Population 2,500 to 10,000	Population < 2,500
Plan and Schedule	8/02/07	11/02/07	2/02/08	5/02/08
Goals Organization	11/02/07	11/02/07	5/02/08	5/02/08
Emer. Resp. Plan Legal Authority O&M Plan FOG Plan	11/02/08	5/02/09	11/02/09	2/02/10
Design and Perfor. Standards System Capacity Plan Final SSMP and Certification	5/02/09	8/02/09	5/02/10	8/02/10

Basin Requirements

The San Francisco Bay Regional Board has slightly different requirements in addition to those required under the WDR.

Standard Approach to Preparing an SSMP

Phase I – Prepare SSMP Development Plan and Goals and Organization Submittal. Assist agency with implementing a Reporting Program if not already complying. Investigate existing plans and programs and prepare a work-plan to address further requirements of SSMP. Work-plan will be based on current status and development of applicable programs required for the SSMP.

Phase II - Manage work-plan prepared in Phase I to meet submittal requirements for further elements of SSMP.

Phase III – Assist with certification of SSMP.

**SAN SIMEON
COMMUNITY SERVICES DISTRICT**

**Independent Auditors' Report
and
Financial Statements**

For the Years Ended
June 30, 2006 and 2005

DRAFT

**SAN SIMEON COMMUNITY SERVICES DISTRICT
INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
For the Years Ended June 30, 2006 and 2005**

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SAN SIMEON COMMUNITY SERVICES DISTRICT
SCHEDULE OF DIRECTORS
June 30, 2006

BOARD OF DIRECTORS

NAME

TERM EXPIRES

Terry Lambeth, Chairperson

November, 2006

~~David Kiech, Director~~

November, 2006

~~Lorraine Mirabal-Boubion, Director~~

November, 2008

John ~~Russet~~, Vice-Chairperson
Russell

November, 2008

~~Allen Fields, Director~~

November, 2008

ALAN FIELD

DRAFT

Independent Auditors' Report

Board of Directors
San Simeon Community Services District
San Simeon, California

We have audited the accompanying financial statements of the business-type activities of the San Simeon Community Services District as of and for the years ended June 30, 2006 and 2005, which collectively comprise the organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit 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 respective financial position of the business-type activities of the San Simeon Community Services District as of June 30, 2006 and 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, management has elected not to include a management discussion and analysis. This analysis is not a required part of the basic financial statements but is supplementary information normally required by U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the financial statements that collectively comprise the San Simeon Community Services District basic financial statements. The supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. 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 in relation to the basic financial statements taken as a whole.

CROSBY & CINDRICH
Certified Public Accountants
A Professional Corporation

May 17, 2007

SAN SIMEON COMMUNITY SERVICES DISTRICT
STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
As of June 30, 2006 and 2005

ASSETS	<u>2006</u>	
<i>Current assets</i>		
Cash and cash equivalents	\$ 1,116,934	
Accounts receivable	60,717	
Interest receivable	12,376	
Prepaid expenses	5,997	
Total current assets	1,196,024	
<i>Noncurrent assets</i>		
Capital assets:		
Construction in progress	351,621	
Property, plant & equipment	2,443,036	
Less accumulated depreciation	(1,305,797)	
Total noncurrent assets	1,488,860	
Total assets	\$ 2,684,884	
LIABILITIES		
<i>Current liabilities</i>		
Accounts payable	\$ 37,557	
Deposits	52,478	
Total liabilities	\$ 90,035	
NET ASSETS		
Invested in capital assets	\$ 1,488,860	
Unrestricted	1,105,989	
Total net assets	\$ 2,594,849	

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The accompanying notes are an integral part of these financial statements

SAN SIMEON COMMUNITY SERVICES DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
June 30, 2006 and 2005

	<u>2006</u>	
Operating revenues	\$ 348,472	
Utility sales	33,345	
Service charges	105,765	
State of California - Department of Parks and Beaches	487,582	
Total operating revenues	487,582	
Operating expenses	14,400	
Bookkeeping/secretarial	1,762	
Health insurance	7,300	
Advertising and promotion	4,040	
Supplies and small tools	43,130	
Repairs and maintenance	1,345	
Equipment rental	6,893	
Utilities and telephone	6,702	
Insurance	477	
Office expense	33,008	
Legal and professional	6,032	
Licenses and permits	5,900	
Director's fees	75,511	
Depreciation	783	
Other expense	245	
Membership and seminars	325,977	
Contract labor	533,505	
Total operating expenses	533,505	
Operating income (loss)	(45,923)	
Non-operating revenues (expenses)	47,773	
Investment income	68,336	
Property taxes	6,946	
Miscellaneous income	(4,604)	
Gain (loss) on disposal of capital assets	(52,502)	
Penalties and violations	(167)	
Education revenue augmentation	(5,150)	
Tax administration fee	60,632	
LAFCO budget allocation	14,709	
Total non-operating revenues (expenses)	2,580,140	
Changes in net assets	\$ 2,594,849	
Net assets-beginning of year		
Net assets-end of year		

DRAFT

The accompanying notes are an integral part of these financial statements

SAN SIMEON COMMUNITY SERVICES DISTRICT
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
As of June 30, 2006 and 2005

	2006	
Cash flows from operating activities		
Cash received from operating revenue	\$ 485,191	
Other payments	(440,807)	
Net cash provided by operating activities	44,384	
Cash flows from non-capital financing activities		
Property tax revenues	68,336	
Miscellaneous income	6,946	
Penalties and violations	(4,604)	
Education revenue augmentation	(52,502)	
Property tax administration fees paid	(167)	
LAFCO budget allocation	(5,150)	
Net cash provided (used) by non-capital financing activities	12,859	
Cash flows from capital and related financing activities		
Acquisition of capital assets	(1,870)	
Net cash used by capital and related financing activities	(1,870)	
Cash flows from Investing activities		
Proceeds from sale of equipment	(336,798)	
Construction in progress	47,773	
Interest income	(289,025)	
Net cash provided (used) by investing activities	(233,652)	
Net decrease in cash	(233,652)	
Cash and cash equivalents-beginning	1,350,586	
Cash and cash equivalents-ending	\$ 1,116,934	
Reconciliation of operating income to net cash provided by operating activities:		
Operating loss	\$ (45,923)	
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	75,511	
Net changes in assets and liabilities		
Accounts receivable	(2,391)	
Interest receivable	(2,903)	
Prepaid expense	160	
Accounts payable	20,822	
Deposits	(892)	
Net cash provided by operating activities	\$ 44,384	

The accompanying notes are an integral part of these financial statements

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 1: ORGANIZATION

The San Simeon Community Services District (District) is a political subdivision of the State of California and operates under a Council form of government. The District administers the following community services as provided by its charter: Water, sanitation and general administrative services.

Reporting Entity

The San Simeon Community Services District complies with U.S. Generally Accepted Accounting Principles and all relevant U.S. Governmental Accounting Standards Board pronouncements. These technical pronouncements establish criteria for determining the organization's activities and functions that are included in the financial statements of a governmental unit. The proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Management has elected not to include a management discussion and analysis, which is not a required part of the basic financial statements but is supplementary information normally required by U.S. generally accepted accounting principles.

The District is a member of the Special District Authority Risk Management Joint Powers Agency, which was organized for the purpose of providing general liability, automobile, errors and omissions, and property loss insurance coverage to special districts. This organization is financed through premium charges to each member.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Proprietary Fund Type (Enterprise Funds)

The San Simeon Community Services District accounts for its operation as an Enterprise Fund. Enterprise Funds are used to account for water and sanitary utility operations which are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The enterprise funds of the District are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006 and 2005

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

An annual budget is adopted by the Board of Directors at the start of each year. Any changes or revisions to that budget throughout the year must be approved by the Board of Directors.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid expenses.

Accounts Receivable

Water and sewer charges are billed monthly. Customer accounts receivable are written off in full when the receivable is deemed totally uncollectible. An allowance for uncollectibles is not considered necessary since it would not be material.

Property, Plant and Equipment

All fixed assets are valued at historical cost or estimated historical cost if actual costs are not available. Depreciation has been provided over the estimated useful life of the asset using the straight-line method. The estimated useful lives are as follows:

Treatment Plant and Collection System	50 years
Supply/Distribution System	30 years
Buildings/Blowers	20 years
General Plant Machinery and Equipment	5-10 years

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006 and 2005

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

These assets consist of cash restricted for Water Fund customer deposits and will serve deposits.

Property Taxes

The County of San Luis Obispo bills and collects property taxes for the District. Tax revenues are recognized by the District in the year levied.

NOTE 3: CASH AND CASH EQUIVALENTS

The values of cash and cash equivalents at June 30, 2006 and 2005 are summarized as follows:

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Petty cash	\$ 150	\$ 100
Demand deposits	142,565	128,537
Cash and investments with:		
County treasurer	2,847	2,733
Local Agency Investment Fund (LAIF)	<u>668,452</u>	<u>916,296</u>
Subtotal	814,014	1,047,666
Local Agency Investment Fund – restricted	<u>302,920</u>	<u>302,920</u>
Total	<u>\$ 1,116,934</u>	<u>\$ 1,350,586</u>

The California Government Code requires California banks and savings and loan associations to secure a district's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a district's deposits. California law also allows financial institutions to secure district deposits by pledging first trust deed mortgage notes having a value of 150% of a district's total deposits. The District may waive collateral requirements for deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC).

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006 and 2005

NOTE 3: CASH AND CASH EQUIVALENTS (continued)

Credit Risk, Carrying Amount, and Market Value

Cash is classified in three categories of credit risk as follows:

- Category 1 -insured or collateralized with securities held by the entity or by its agent in the entity's name;
- Category 2 -collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name; and
- Category 3 - uncollateralized.

Investments in pools managed by other governments (LAIF) or in mutual funds are not required to be categorized.

At June 30, 2006, the carrying amount of the District's cash deposits was \$142,565. The bank's balance was \$149,276. This difference is due to the normal deposits in transit and outstanding checks. District cash deposits by category as of June 30, 2006, are as follows:

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Bank</u> <u>Balance</u>	<u>Carrying</u> <u>Amount</u>
Bank accounts	\$ 100,000	\$ -0-	\$ 49,276	\$ 149,276	\$ 142,565

NOTE 4: PROPERTY, PLANT, EQUIPMENT AND CONSTRUCTION IN PROGRESS

A summary of fixed assets by major classifications is as follows:

	June, 30 <u>2005</u>	<u>Additions</u>	<u>(Deletions)</u>	June 30, <u>2006</u>
Sewer plant	\$ 1,372,642			\$ 1,372,642
Water plant	357,772			357,772
Building	394,004	1,870		395,874
Equipment	316,748			316,748
Construction in progress	14,823	339,177	2,379	351,621
Subtotal	<u>2,455,989</u>	<u>\$ 341,047</u>	<u>\$ 2,379</u>	<u>2,794,657</u>
Less: Accumulated depreciation	<u>1,230,286</u>	<u>\$ 75,511</u>	<u>\$</u>	<u>1,305,797</u>
Totals	<u>\$ 1,225,703</u>			<u>\$ 1,488,860</u>

See Auditors' report

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006 and 2005

NOTE 4: PROPERTY, PLANT, EQUIPMENT AND CONSTRUCTION IN PROGRESS
(continued)

Depreciation expense for the periods ended June 30, 2006 and 2005, were \$75,511 and \$76,819 respectively.

A couple projects have been started by the San Simeon Community Services District but have not been completed at year end. All costs associated with these projects/studies have been capitalized to construction in progress, as follows:

	<u>June 30,</u> <u>2005</u>	<u>Additions</u>	<u>Amounts</u> <u>Capitalized/</u> <u>Expensed</u>	<u>June 30,</u> <u>2006</u>
Major water/sanitation Projects	\$ <u>14,823</u>	\$ <u>339,777</u>	\$ <u>2,379</u>	\$ <u>351,621</u>

NOTE 5: DEPOSITS

Hook-up, customer meter, and miscellaneous deposits totaled \$52,220 and \$52,920 for the years ended June 30, 2006 and 2005, respectively. These deposits represent a non-interest bearing restricted current liability. All deposits are currently invested with the Local Agency Investment Fund (see note 3).

The hook-up deposits are from customers on a waiting list to connect into the system. These deposits totaled \$43,470 for both years ended June 30, 2006 and 2005, respectively. Each deposit represents total hook-up fees owed by the customer based on the fee schedule in place at the time of the payment. Additional fees may be required from the customer, based on the current fee schedule, when the utility connection is completed.

The customer meter deposits totaled \$9,450 and \$8,750 for the years ended June 30, 2006 and 2005, respectively. For each metered customer, a \$50 refundable deposit is required, before any service can be provided by the District.

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 6: RESERVED NET ASSETS

The District has set up "reserves" to set aside net asset balances for a specific future use. Reserves have been established by Board resolution for contingent liabilities and future capital projects.

NOTE 7: JOINT POWERS AUTHORITY

The District is a member of the Special District Risk Management Authority (S.D.R.M.A.), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et seq. In becoming a member of the S.D.R.M.A., the District elected to participate in the risk financing program(s) listed below for the program period July 1, 2005 through June 30, 2006.

DRAFT

General and Auto Liability, Public Officials' and Employees' and Omissions and Employment Practices Liability: Special District Risk Management Authority, coverage number LCA SDRMA 200607. This covers \$2,500,000 per occurrence, subject to policy deductibles.

Employee Dishonesty Coverage: Special District Risk Management Authority, coverage number EDC SDRMA 206507. This policy includes a \$400,000 Public Employees Dishonesty Blanket Coverage.

Property Loss: Special District Risk Management Authority, coverage number PPC SDRMA 200607. This policy covers the replacement cost for property on file, \$350,000,000 per occurrence, subject to a \$2,000 deductible.

Boiler and Machinery: Special District Risk Management Authority, coverage number BMC SDRMA 200607. This covers \$100,000,000 per occurrence, subject to a \$1,000 deductible. The District also participated in the elective comprehension/collision coverage on selected vehicles, subject to policy deductibles.

Public Officials Personal Liability: \$2,500,000 per occurrence, annual aggregate per each elected/appointed official.

Members are subject to dividends and/or assessments, in accordance with Second Amended Joint Powers Agreement and amendments thereto, on file with the District. No such dividends have been declared, nor have any assessments been levied.

ATTN: JANET 593-1352

SAN SIMEON COMMUNITY SERVICES DISTRICT
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
June 30, 2006 and 2005

	<u>Sanitation</u> <u>Fund</u>	<u>2006</u> <u>Water</u> <u>Fund</u>	<u>Total</u>
Operating revenues			
Utility sales	\$ 167,482	\$ 180,990	\$ 348,472
Service charges		33,345	33,345
State of California	105,765		105,765
Total operating revenues	273,247	214,335	487,582
Operating expenses			
Salaries and wages	9,360	5,040 <i>BOUYKAS</i>	14,400
Payroll taxes and benefits	1,410	352	1,762
Advertising and promotion	5,840	1,460 <i>W23 SP</i>	7,300
Supplies and small tools	2,393	1,647 <i>CLAY VALLEY</i>	4,040
Repairs and maintenance	40,376	2,754 <i>M&P FROM OVERSEAS</i>	43,130
Equipment rental	1,345		1,345
Utilities and telephone	5,514	1,379	6,893
Insurance	5,362	1,340	6,702
Office expense	392	85 <i>CHECKS DEDUCT BUSINESS EXP</i>	477
Legal and professional	22,144	10,864	33,008
Licenses and permits	4,821	1,211	6,032
Director's fees	3,127	2,773	5,900
Depreciation	60,409	15,102	75,511
Other expense	557	226	783
Membership and seminars	126	119	245
Contract labor	209,453	116,524	325,977
Total operating expenses	372,629	160,876	533,505
Operating income (loss)	(99,382)	53,459	(45,923)
Non-operating revenues (expenses)			
Investment income	38,218	9,555	47,773
Property taxes	54,669	13,667	68,336
Miscellaneous income	5,557	1,389	6,946
Gain (loss) on disposal of capital assets			
Penalties and violations	(4,604)		(4,604)
Education revenue augmentation	(42,002)	(10,500)	(52,502)
Tax administration fee	(200)	33	(167)
LAFCO budget allocation	(3,347)	(1,803)	(5,150)
Total non-operating revenues (expenses)	48,291	12,341	60,632
Changes in net assets	\$ (51,091)	\$ 65,800	\$ 14,709

San Simeon Community Services District
 Comparison of Water Production and Sales

Superintendent's Report
 May 2007

Veri & Y

	January	February	March	April	May	June	July	August	September	October	November	December
Water Sales (Dollars)	\$12,025	\$13,396	\$14,661	\$15,951	\$15,951	\$18,566	\$22,159			\$16,502	\$17,224	\$11,593
Water Sales (Dollars)	\$11,701	\$12,630	\$11,913	\$13,342	\$14,784	\$14,747	\$26,542	\$30,958	\$17,753	\$16,789	\$26,277	\$12,577
% +/- from 2005	0.97		0.89	0.91	0.93	0.92	1.43	1.40		1.02	1.53	1.08
Water Sales (Dollars)	\$12,781	\$13,154	\$11,913	\$13,342	\$16,078							
% +/- from 2006	1.09	1.04	1.00	1.00	1.09							

	January	February	March	April	May	June	July	August	September	October	November	December
Amount Water Sold (cu ft)	259,424	317,559	292,318	316,279	327,339	327,339	379,201	453,232	402,325		350,631	238,106
Amount Water Sold (cu ft)	242,900	261,269	247,461	276,898	305,006	305,006	541,198	630,400	360,280	343,995	333,258	258,977
% +/- from 2005	0.94	0.82	0.85	0.88	0.93	0.93	1.43	1.39	0.90		0.95	1.09
Amount Water Sold (cu ft)	263,799	272,449	247,461	276,898	327,790							
% +/- from 2006	1.09	1.04	1.00	1.00	1.07							

	January	February	March	April	May	June	July	August	September	October	November	December
Water Produced - Month Cycle					423,911	419,684	629,460	494,829	384,412	376,639	349,027	280,741
Water Produced - Meter Cycle	266,850	257,550	289,792	323,375	352,127	370,028	469,236	393,150	343,836	368,398	329,485	296,362
Water Produced - Month Cycle	286,221	277,601	311,440	342,980	364,020							
Water Produced - Meter Cycle	303,720	299,230	243,280	387,580	340,070							
% +/- from 2006	1.07	1.08	1.07	1.06	1.03							

Veri & Y

DATE: 6/21/07

SPECIAL MEETING

START: 2:10 pm

ROLL CALL: All ~~people~~ present except Dee Dee

PUBLIC COMMENT: Bob McClophen Prop 218 Voters.

All persons get a vote both owners AND renters

Thus one property could get two votes.

→ Item A: John Russel motion - Direct staff to inform public

No tenant agreement unless we get

Ralph - second

UNANIMOUS VOTE

~~Describe tenants, agreement process~~

~~John~~ Dan

~~update process~~

~~Bob~~ Bob Bob

→ Item B: Terry motion to direct staff to prepare for Sept

7, 2007 not to exceed \$K

Russel: second

UNANIMOUS VOTE

CLOSED SESSION

6/13/08 Regular Session

Meeting Date:	6/13/08
Meeting Type:	REGULAR
Call to Order Time:	6:08 pm
Director Roll Call	P=Present A= Absent
Lambeth	P
Ricci	P
Russell	P
Fields	P
McAdams	P
Staff:	
Grace	P
Schultz	P
Facility Manager	P
District Manager	P
Other	
Approval of Minutes for:	
Motion	MAY 9TH AS AMENDED APPROVED AS AMENDED
Second	RESOLVED
Vote	UNANIMOUS
Approval of Minutes for:	
Motion	RESOLVED
Second	RESOLVED
Vote	UNANIMOUS
Approval of Warrants for:	
Motion	
Second	
Vote	

~~BEING~~ SMOKE TESTING BACK NEXT MONTH AS A DISCUSSION ITEM, FOR APPROVAL

Res. to
copy of LAIF

Discussions/Action Items:

Motion A. LAIF Act. Resolution
Second Russel
Vote ~~ALLEN~~ FAVOR UNANIMOUS

Discussions/Action Items:

Motion B. Pipe Bore
Second ALLEN - Ask for structure inspection cost.
Vote ~~ALLEN~~ COST FOR BORO SPECS. UNANIMOUS

Discussions/Action Items:

Motion C. Director Council Increase
Second ALLEN
Vote ~~ALLEN~~ UNANIMOUS

Discussions/Action Items:

Motion D. Senate Budget Increase At San Simon Entrance
Second Tolson
Vote ~~ALLEN~~ UNANIMOUS

Next Meeting Agenda Items:

- 1
- 2
- 3
- 4

Notes:

Adjournment Time:

Need Draft

<p>Discussions/Action Items:</p> <p>Motion</p> <p>Second</p> <p>Vote</p>	<p>E. Corporate Commission letter. (MOTION) (SECOND) ALL IN FAVOR UNANIMOUS</p>
<p>Discussions/Action Items:</p> <p>Motion</p> <p>Second</p> <p>Vote</p>	<p>F. CONSUMER PRICE INDEX SURVEILLANCE (MOTION) (SECOND) ALL IN FAVOR UNANIMOUS ON IMMEDIATE</p>
<p>Discussions/Action Items:</p> <p>Motion</p> <p>Second</p> <p>Vote</p>	<p>G. Prop 218 (MOTION) is amended ORA ORA FIELDS ALL IN FAVOR UNANIMOUS</p>
<p>Discussions/Action Items:</p> <p>Motion</p> <p>Second</p> <p>Vote</p>	<p>H. Budget Accept Draft Estate Budget (MOTION) (SECOND) ALL IN FAVOR UNANIMOUS</p>
<p>Next Meeting Agenda Items:</p> <p>1</p> <p>2</p> <p>3</p> <p>4</p>	<p>I. Development of SIMP USING Eco Resources, (MOTION) (SECOND) ALL IN FAVOR UNANIMOUS</p>
<p>Notes:</p> <p>(MOTION)</p> <p>(SECOND)</p>	<p>J. Approve Draft Budget (MOTION) (SECOND) ALL IN FAVOR</p>
<p>Adjournment Time:</p>	

6/13/08 Closed Session

Meeting Date:	June 13 2008 5:30 pm
Meeting Type:	CLOSED SESSION
Call to Order Time:	5:35 pm
Director Roll Call:	MOTION TO ENTER CLOSED SESSION = 1ST RUSSELL 2ND RUSSELL
P=Present A= Absent	
Lambeth	P
Ricci	P
Russell	P
Fields	A
McAdams	P
Staff:	
Grace	P
Schultz	P
Facility Manager	N/A
District Manager	N/A
Other	NO ACTION TAKEN SET SPECIAL MEETING.
Approval of Minutes for:	
Motion	
Second	
Vote	
Approval of Minutes for:	MOTION REGULAR SESSION BOARD MEETINGS
Motion	
Second	
Vote	RICCI TO RUSSELL TO OPEN SESSION
Approval of Warrants for:	
Motion	
Second	
Vote	

June 14, 2006
SSCSD Regulator Meeting

Directors Lambeth, Kiech, Russell, Fields, Minabal-Boubrion
Staff O'Neill, Schultz

April Minutes - ^{Bring back with changes} Approved ^{Second} 5/0 with changes

2006/2007 Budget Approval
Approve w/o 17% increase direct staff to
bring back recommendations & details of increase
Motion Kiech
No Second.

Novak ~~Letter~~ approval
Motion to Approve ^{Direct letter} ~~the~~ Adding deposits & water hooked
Fields
Second Russell 5/0

Warrant Report
Motion ^{to approve} Kiech Approval 5/0
Second Russell

Send another certified letter to Cambria (GM) & all
directors requesting meeting.

~~Send April minutes to Rob~~

Budget Approval as ~~Approved~~ provided
Motion - Russell
Second - Fields
4/1 Minabal - Boubion No

~~*~~ ~~Directions~~ ~~Recommendation~~ that staff bring back
recommendation for immediate rate increase

* Audited Report from Crosby.

Adjourn 7:48 PM

May 31, 2006

SSCSD Special Mtg 4:35 pm

Directors Present - Russell, Lambeth, Minabal-Boubion

Directors not-present - Fields - Kiech

Staff - present - O'Neill, Schultz

GM ~~W~~ Lonnie - wanted to know about Jerry Copeland and his salary and how it relates to the increase to JCO's contract

4.1 Budget changes as recommendations from Schultz, Hanchett, Lambeth

4.2 Hanchett the budget committee's reasoning for basing Ordinance 101 on land usage ^{EDU's} and not fixtures units

Russell wants to count current EDU based on Ord. 101 and mention ^{bb} should state ^{total} number of EDU's can not increase

Lonnie wants Exhibits B & C Attached to Ord 101

Water committee to submit Amendment ^{to} Ord 66 recommendations to Dist. Council for review ~~and~~ and Dist council to bring to board for review & approval at July

~~Water committee to bring back~~
General Mgr to ^{bring} attend Ordinance 101
Exh. A to include fire protection as
X EDU

4.3 ~~Approval~~ Motion John
2ND Lonnie
Approved by John, Lonnie, Terry

Bring back recommendations for
financial consultant.

Check with Small Dist. ASSO.

Have business cards printed for
Directors & staff

Discussion on recycled water usage
for July mtg

Adjourn 6:15 pm

b.08

May 10, 2006

SSCSD Regulator Board Mtg

Directors
Staff

Lambeth, Kiech, Loraine, Russell, Fields
O'Neill, Staff

arrived at
6:10 pm

call Special Mtg May 30th 4:30 pm

* Copies of Revised ^{meter replacement} Ita to Board members
before delivery

* Loraine wants ^{copy water} transfer ord

Warrants

Russell / Fields All

Website Approval

Kiech / Russell All

* Next Agenda

Prop 50 Status update

Adjourn 7:29 pm