

RESOLUTION NO. 24-XXX

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN SIMEON
COMMUNITY SERVICES DISTRICT DIRECTING STAFF TO PREPARE A
RESOLUTION OF APPLICATION FOR DIVESTITURE**

WHEREAS, the San Simeon Community Services District (“District”) formed in 1961, provides water, sewer, road maintenance, street lighting, and weed abatement to approximately four hundred (400) residents as well as hotels for transient visitors; and

WHEREAS, San Simeon needs a long-term, stable, and capable governance structure to continue providing critical services to our disadvantaged community; and

WHEREAS, the community’s health and safety are the priorities; and

WHEREAS, over the years, the district has tried various governance and operations approaches and faced multiple challenges. District management and administration remain unacceptably deficient. There is no backup, and

WHEREAS, in 2022, under the California Voting Rights Act, the community’s two hundred voters were divided into five mini-voting districts, adversely impacting governance. The district has struggled to maintain a five member Board, and

WHEREAS, an After-the-Fact Coastal Development Permit (“ATF-CDP”) from the California Coastal Commission requires the District to move its wastewater treatment plant away from the ocean where it is currently located, which has become an increasingly urgent task due to rising tide levels; and

WHEREAS, the district has failed to maintain its infrastructure properly;
and

WHEREAS, the District only has approximately two hundred (200) residential and commercial ratepayers and an annual budget of approximately One Million Two Hundred Thousand Dollars (\$1,200,000); and

WHEREAS, the District is challenged to secure grants to cover the needed move of the wastewater treatment plant and infrastructure improvements; and

WHEREAS, In addition, the district lacks the experience or staff to manage district development after a forty (40) year moratorium; and

WHEREAS, the District may divest itself of a power that it exercises in accordance with the process set forth in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, a proposal for divestiture must be made by a Resolution of Application from the District, and once the application is submitted to the San Luis Obispo Local Agency Formation Commission ("LAFCO"), processing the application can take nine to twelve months or longer; and

WHEREAS, the divestiture application must include a plan for services prepared pursuant to Government Code section 56653, and the plan for services must provide a proposal for how services would continue if the District divests; and

WHEREAS, the District's proposed successor agency would have to agree to take over providing the services before LAFCO can take action to approve the divestiture proposal; and

WHEREAS, the most logical successor agency for the District's water and sewer services is the County of San Luis Obispo ("County"); and

WHEREAS, the District needs the County's assistance in order for the District to urgently move forward with divestiture of its water and sewer services; and

WHEREAS, the District Board of Directors seeks to authorize District staff and the Interim General Manager to prepare an application for divestiture of the water and sewer powers from the District and formally request the County's assistance in its divestiture efforts.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the **SAN SIMEON COMMUNITY SERVICES DISTRICT** as follows:

1. District staff is directed to prepare an application for divestiture of water and sewer authority from the District, along with all necessary associated documents for that application.
2. The Interim General Manager is hereby authorized to take all necessary and proper actions to prepare the application for divestiture of water and sewer authority from the District for submission to LAFCO.

3. The Board of Directors formally requests the County's assistance and support with the District's efforts to seek divestiture of water and sewer authority.

ADOPTED by the Board of Directors of the **SAN SIMEON COMMUNITY SERVICES DISTRICT** on [REDACTED], 2024, by the following roll call votes:

AYES:
NOES:
ABSENT:
ABSTAINED:

Vice Chairperson, Board of Directors
of the San Simeon Community
Services District

ATTEST:

Patrick Faverty, Ed.D. Interim General Manager
San Simeon Community Services District

APPROVED AS TO FORM:

District Legal Counsel, Nubia I. Goldstein